

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON  
IN SEATTLE

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UNITED STATES OF AMERICA,	)	
	)	NO. CR09-160JLR
Plaintiff,	)	
	)	
vs.	)	
	)	
WILLIAM S. POFF,	)	
	)	
Defendant.	)	
	)	

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TRIAL

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BEFORE THE HONORABLE JAMES L. ROBART

March 15, 2010

APPEARANCES:

Sarah Vogel  
Michael Scoville  
Assistant United States Attorneys  
Representing the Plaintiff

William S. Poff  
Pro Se  
Representing the Defendant

Howard Ratner  
Standby Counsel  
Attorney at Law

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1 THE COURT: Good afternoon, everyone.

2 THE DEFENDANT: Good afternoon.

3 MS. VOGEL: Good afternoon.

4 THE COURT: Housekeeping details. I am aware of three  
5 additional pleadings that were filed over the weekend. One is  
6 Mr. Poff's second motion for mistrial; one is Mr. Poff's motion  
7 to strike evidence; and one is the defendant's motion to strike  
8 the government's witness testimony. So I will add those to my  
9 list of homework.

10 Mr. Poff, it is still my intention to have a hearing,  
11 probably before closing arguments, where we will talk about  
12 those.

13 THE DEFENDANT: Thank you, your Honor.

14 THE COURT: The government has pending its motion in  
15 regards to handwriting experts. And I don't know what the  
16 progress is on that one.

17 MR. SCOVILLE: There was an interview this morning as  
18 scheduled, your Honor. The government is satisfied with the  
19 Rule 16 disclosures that have been made regarding Ms. McFarland.

20 THE COURT: I will treat that as withdrawn.

21 MR. SCOVILLE: Yes, your Honor.

22 THE COURT: I will leave it up to our clerk to figure  
23 out which motion that was. I think it was 167. It will be  
24 deemed to be withdrawn.

25 Mr. Poff, you, in one of your motions, said something that I

1 I am obligated to take up on an interim basis. It is in  
2 defendant's second motion for mistrial. The way it printed out,  
3 it is listed as page 6 of 9. It is paragraph 3 of the motion.  
4 And it reads: "It has been witnessed by observers in the  
5 audience of plaintiffs talking about the confidence they had in  
6 claimed alleged defendant's motions being denied." Since this  
7 was before court was in session, it would be logical to deduce  
8 there are behind-the-scenes ex parte meetings occurring. That  
9 implicates me as the trial judge, I think.

10 But in that particular paragraph are you alleging that the  
11 ex parte meetings are occurring between me and the government?

12 THE DEFENDANT: I do not know who the meetings are  
13 between. It was my ride that I had that day, who had witnessed  
14 plaintiffs speaking about my motions that were pending --  
15 previous motions prior to this. It has been several months back.  
16 I don't have the exact date on that, your Honor. But they  
17 witnessed a conversation where there was certain confidence that  
18 the motions were not going to go anywhere. And from what he  
19 could deduce, there was some sort of behind-the-scenes talks or  
20 meetings, to where they knew in advance what was going to be the  
21 outcomes of your ruling on these motions, your Honor.

22 THE COURT: Okay. Let me tell you that I don't get to  
23 decide my own conduct. So if you will do me the favor of, if you  
24 are going to say I did something, would you make sure that I  
25 appreciate that I did it? Because at that point, I have to refer

1 it to someone else. But what I hear you saying in regards to  
2 paragraph 3 is, you are not alleging you have any evidence that I  
3 did it, you just know what your observers observed.

4 THE DEFENDANT: That's correct, your Honor.

5 THE COURT: Then let me ask the government, any  
6 administrative matters to take up today?

7 MS. VOGEL: Just the matter of witness order today, your  
8 Honor. We have requested, and the defendant has been kind enough  
9 to consent, with the court's permission, to interrupt the  
10 testimony of Mr. Carnell in order to put on the three additional  
11 brief witnesses, and then finish up with Ms. Carnell's testimony  
12 when they are finished.

13 THE COURT: All right. Ms. Kirkdoffer is up first?

14 MS. VOGEL: Your Honor, actually we were going to call  
15 Ms. Munger first.

16 THE COURT: So it will go Munger --

17 MS. VOGEL: Then Kirkdoffer and then Kim. And then we  
18 will resume with Ms. Carnell.

19 THE COURT: All right. Mr. Poff, anything from you,  
20 sir?

21 THE DEFENDANT: The only motion I didn't have a chance  
22 to file, and what I am motioning for right now, your Honor, is a  
23 complete financial breakdown of this case, an audit of this case,  
24 in regards to allocations, how much was spent in regards to  
25 plaintiffs and the court, and how much was allocated towards the

1 defense's actual costs, your Honor.

2 THE COURT: You need to put that one in writing.

3 THE DEFENDANT: I will.

4 THE COURT: Then we will hear from Ms. Munger.

5 Whereupon,

6 VIRGINIA MUNGER

7 Called as a witness, having been first duly sworn, was examined  
8 and testified as follows:

9 THE CLERK: Will you please state your name for the  
10 record and spell your last name?

11 THE WITNESS: Virginia Munger, M-U-N-G-E-R.

12 DIRECT EXAMINATION

13 By Ms. Vogel:

14 Q Good afternoon, Ms. Munger.

15 A Hello.

16 Q Tell us the city in which you live.

17 A Woodinville.

18 Q What is your current occupation?

19 A I am a homemaker.

20 Q What was your previous occupation?

21 A I was the operations manager at Green Point Funding.

22 Q When did you work for Green Point Funding?

23 A From April of 2004 until October 2007. Our Bellevue office  
24 closed down, but I was on the payroll until January of '08.

25 Q And what was Green Point Funding?

1 A We were a wholesale mortgage lender.

2 Q What types of mortgages did Green Point Funding extend?

3 A We did first mortgages and second mortgages, both stated  
4 income and full-on documentation, and to nonowners as well as  
5 owner-occupied property.

6 Q And was this primarily residential?

7 A Yes, it was residential. Commercial was down out of our  
8 Novato, California, office, but not out of Bellevue.

9 Q Where was Green Point Funding headquartered?

10 A Novato, California.

11 Q How many branches did the business have in the western  
12 Washington area?

13 A Only one in Bellevue.

14 Q Is that the branch that you worked at?

15 A Yes, it was.

16 Q Approximately how many employees worked at that branch  
17 office?

18 A Approximately 65.

19 Q And was Green Point Funding a nationwide business?

20 A Yes, it was.

21 Q Why is it that the office in Bellevue closed in October  
22 of 2007?

23 A Capital One actually owned us at that time and chose to close  
24 the mortgage division down.

25 Q Were you the operations manager when you began working at



1 Green Point Funding in 2004?

2 A Yes, I was.

3 Q And did you continue in that same job title until the office  
4 closed in October of 2007?

5 A Yes, I did.

6 Q Can you tell us what the job responsibilities are for an  
7 operations manager?

8 A I was responsible for overseeing all aspects of the loan,  
9 from the time the application came into our office, all the way  
10 through underwriting, sending the documents to escrow, as well as  
11 funding.

12 Q Did you have any personal participation in the underwriting  
13 decisions?

14 A Typically our underwriters would underwrite the loan. If it  
15 was over their lending authority, it would go to the underwriting  
16 manager. If it was over their money authority, it would come to  
17 myself, either for approval or for approval to send it to our  
18 corporate underwriting for approval.

19 Q And who is it that set the underwriting policies for the  
20 Bellevue branch of Green Point Funding?

21 A Novato, California.

22 Q As a result of this -- your three years of working there, are  
23 you familiar with the processes by which Green Point made the  
24 decision to fund loans and the information important in that  
25 decision in the year 2007?

1 A Yes, I am.

2 Q And were there limitations on your personal discretion, as  
3 far as how much you could approve?

4 A I could approve loans up to \$1 million.

5 Q What would happen if there was a loan request for more than  
6 \$1 million?

7 A It would go up to either my regional manager, who could  
8 approve one and a half million, or to our corporate underwriting  
9 department.

10 Q Now, Ms. Munger, prior to your testimony today, have you  
11 reviewed business records that relate to a mortgage made by Green  
12 Point Funding for \$1,406,250 for the purchase of a property  
13 listed at number six on the big chart there, Exhibit 1, the  
14 address being 9488 199th Avenue East in Issaquah?

15 A Yes, I have.

16 Q What documents have you reviewed?

17 A I reviewed a HUD-1 settlement statement, a 1003, which is the  
18 application, an appraisal report, the review appraisal, the  
19 appraisal rebuttal and the mortgage -- excuse me, the deed of  
20 trust.

21 Q And was this loan, for which you reviewed the documents in  
22 February of 2007, to a borrower named Alexis Ikilikyan?

23 A Yes, it was.

24 Q Now, were you the manager at Green Point in February of 2007?

25 A Yes, I was.

1 Q And based on your review of the documents, what type of loan  
2 was this?

3 A This was a purchase of an owner-occupied property.

4 Q And what degree of documentation was required for this  
5 particular loan?

6 A Stated income. So all it was, was they had to list their  
7 income on the 1003.

8 Q Was this a first mortgage or a second mortgage?

9 A It was a first mortgage.

10 Q Now, what are Green Point -- You just said list income, but  
11 what are some of the actual requirements that Green Point  
12 required during that time period for stated income loans?

13 A They would have to take in -- if they were a W-2 employee, at  
14 that time we would verify they did indeed work for that company.  
15 We did not verify income if they were self-employed. We would  
16 have to get a copy of the business license or a letter from a  
17 CPA.

18 Q And who is it that would get a copy of the business license?

19 A Our underwriters would attempt to go onto the Washington  
20 State website to print a copy. If they were unable to do that,  
21 the broker would provide it to us.

22 Q Were there other requirements for stated income loans besides  
23 just verifying employment?

24 A They had to have at least two years of self-employment.

25 Q What were the limitations on the loan to value ratio that

1 Green Point Funding would extend for stated income loans?

2 A Owner-occupied properties, we could go up to 80 percent on a  
3 loan to value.

4 Q And what about nonowner-occupied properties?

5 A Typically 75.

6 Q Was there a maximum combined loan to value ratio that Green  
7 Point lending would never lend above?

8 A On stated income we would not go above 90 percent.

9 Q Did Green Point Funding in 2007 offer any residential loan  
10 programs where they would knowingly loan more than 100 percent of  
11 the value of the property?

12 A No, we never did that.

13 Q And why did owner occupancy matter to Green Point Funding?

14 A Owner-occupied properties tend to be kept in better  
15 condition. Should something happen to it where you had to  
16 foreclose on the property, the asset would be kept in better  
17 condition.

18 Q You said earlier that the maximum percentage combined loan to  
19 value ratio for stated income loans was 90 percent; is that  
20 correct?

21 A Correct. Yes.

22 Q Does that mean that you required a ten percent down payment  
23 as a minimum for all stated income loans?

24 A Correct.

25 Q Can you look, please, at Exhibit 621, previously admitted as

1 a business record. Do you recognize this document?

2 A Yes. This is a loan application, also referred to as a 1003.

3 Q Is this the loan application for the property located at  
4 9488 199th Avenue Southeast in Issaquah?

5 A Yes, it is.

6 Q And you believe this is the loan application submitted to  
7 Green Point Funding?

8 A Yes, I do.

9 Q What does this 1003 represent to Green Point about the  
10 borrower's intentions with regard to occupancy?

11 A The property will be a primary residence, which means it is  
12 owner-occupied.

13 Q And where is that stated on here?

14 A On the previous page you were on actually. It shows the  
15 primary residence box is checked.

16 Q Does it also in the declarations here -- in the third page in  
17 the declaration section, where it says line L, "Do you intend to  
18 occupy the property as your primary residence"?

19 A Yes.

20 Q So it is on there twice?

21 A Correct.

22 Q In both instances on this 1003, it says, yes, the borrower  
23 does intend to occupy the property?

24 A Correct. Yes.

25 Q What information was provided in this 1003 to Green Point

1 Funding about the borrower's financial qualifications?

2 A In this case the borrower was a self-employed person for four  
3 years and one month. They had been doing it for five years with  
4 a company called Fidelis Enterprises, as well as they were a real  
5 state broker.

6 Q And what information was provided to Green Point Funding in  
7 this form about the borrower's income?

8 A It would actually be on page 2 at the top. So it looks like  
9 \$32,856 a month, is what they said they were making for income.

10 Q And what information was provided to Green Point Funding  
11 about the details of the transaction?

12 A The next page there, it says the purchase price was  
13 \$2 million; they estimate the closing costs; it would have had a  
14 second mortgage for over \$187,500. The seller was contributing  
15 \$25,000 to them. And then on line P, it says the borrower was  
16 bringing in approximately \$407,000.

17 Q I understand some of those costs are estimates, but how well  
18 did Green Point Funding rely on this information about price and  
19 down payment when making funding decisions or underwriting  
20 calculations?

21 A Definitely we relied on it heavily, because it told us how  
22 much money the borrower was bringing into the property, which  
23 shows us their vested interest in the property.

24 Q Can you look at Exhibit 622, also a previously admitted  
25 business record? Do you recognize this document?

1 A Yes. This would be a copy of the approval that the broker  
2 can print out in their office via the main computer system that  
3 we use.

4 Q And when you say "approval," what do you mean?

5 A Once the loan application and credit bureau (sic) is  
6 submitted to Green Point, the underwriter would underwrite the  
7 file and issue us an approval -- hopefully approval, subject to  
8 certain conditions that need to be met in order for us to fund  
9 the loan.

10 Q And is this the Green Point approval form for the house in  
11 Issaquah, property number six on that chart that we have been  
12 talking about?

13 A Yes, it is.

14 Q And what does this approval form state was Green Point's  
15 understanding at the time they approved the loan of the price of  
16 the property?

17 A The purchase price was \$2 million.

18 Q What does this approval form indicate was Green Point's  
19 understanding at the time they approved the loan of the  
20 occupancy intent of the borrower?

21 A That it would be the primary residence, which, again, is  
22 owner-occupied.

23 Q Again, what was Green Point's understanding at the time they  
24 approved the loan of the combined loan to value ratio of all  
25 loans that were to be secured by this property?

1 A It was 86 percent combined loan value.

2 Q Does that mean that Green Point Funding then expected a  
3 14 percent down payment?

4 A Correct.

5 Q And what is approximately 14 percent of \$2 million, if you  
6 know?

7 A If I am doing my math correctly, at least \$300,000.

8 Q Now, who would this document have been conveyed to?

9 A It would have gone to the broker.

10 Q And who would have been responsible for fulfilling the  
11 conditions listed on this document?

12 A Their broker would.

13 Q The bottom half of page 1 of Exhibit 622, it says  
14 "Outstanding conditions." What does that mean?

15 A Outstanding conditions are ones that we need in order to fund  
16 the loan. However, at the time of submission to Green Point, the  
17 broker had not provided those conditions to us.

18 Q And can you tell us what the very first outstanding condition  
19 is for this loan?

20 A Yes. It is asking for verified assets for six months, PITI,  
21 which is principal, interest, taxes and insurance, plus any  
22 closing costs and down payment, to provide verification of  
23 deposit for two months' current statements for \$474,843. The GPM  
24 comment, a broker could click on that and send a specific comment  
25 regarding that condition to us.



1 Q So what does all of that mean? What is the condition?

2 A The borrower needs to provide proof that they have the money  
3 to do the down payment of the \$474,000.

4 Q Ms. Munger, are you aware of whether this particular loan did  
5 fund?

6 A It did fund.

7 Q Does that indicate to you that someone must have fulfilled  
8 this condition, providing proof of 400 and some thousand dollars  
9 for a down payment?

10 A Yes. They would have had to do that in order to fund.

11 Q Can you look, please, at Exhibit 627? Do you recognize this  
12 document?

13 A Yes. This would be the HUD-1 settlement statement.

14 Q And is this the HUD-1 for the same property in Issaquah that  
15 we have been talking about?

16 A Yes, it is.

17 Q Now, why did Green Point Funding get a copy of the HUD-1  
18 settlement statement?

19 A Escrow provides us on every loan that we do -- it verifies  
20 what the breakdown of what the purchase price is, taxes,  
21 insurance that are paid, how much money the borrower needs to  
22 bring in and any liens against the house. It verifies the seller  
23 paid off what they needed to do.

24 Q And, again, what does this document represent was the  
25 purchase price?

1 A It has a purchase price of \$2 million.

2 Q Ms. Munger, have you, prior to today, reviewed a summary  
3 chart that summarizes the information that was submitted to Green  
4 Point Funding on which it based its decision to loan this money  
5 for property number six on the chart?

6 A Yes, I have.

7 Q And can you look, please, at Exhibit 601? Is this the chart  
8 that you reviewed earlier?

9 A Yes, it is.

10 Q And does 601 accurately summarize the information from the  
11 documents that you have reviewed that Green Point Funding relied  
12 upon when making its decision to extend the loan for property  
13 number six?

14 A Yes, we did.

15 MS. VOGEL: Move the admission of 601.

16 THE DEFENDANT: No objections, your Honor.

17 THE COURT: 601 is admitted.

18 (601 admitted.)

19 By Ms. Vogel:

20 Q I want you to look at Exhibit 606. Can you tell us how a  
21 loan by Green Point Funding is secured?

22 A It is secured by a deed of trust against the property.

23 Q And is this document, Exhibit 606, in fact the deed of trust  
24 that was recorded to secure Green Point's first mortgage extended  
25 for this property in Issaquah?

1 A Yes, it was.

2 Q And if we look on the second page of this document, does it  
3 list the amount of the mortgage?

4 A Yes, it does.

5 Q And that is \$1,406,250; is that correct?

6 A Correct.

7 Q Now, you stated earlier that you required owner occupancy.  
8 How does Green Point Funding define owner occupancy?

9 A Owner occupancy is actually defined -- It is attached to  
10 this mortgage on the occupancy rider. The person must live in  
11 the property, they have to move in within 60 days of taking the  
12 loan, and they have to live there for at least one year from that  
13 timeframe.

14 Q And if you would look, please, at page 22 of this exhibit,  
15 the deed of trust. Is this the occupancy rider that you just  
16 referred to?

17 A Yes, it is.

18 Q And this is actually the one recorded for this Issaquah  
19 property, property number six; is that correct?

20 A Correct.

21 Q And where is it on this rider that defines occupancy or  
22 principal residence?

23 A Paragraph 1.

24 Q Is that where it says, "The above described property will be  
25 personally occupied by the borrower as their principal residence

1 within 60 days after execution of the agreement, and shall  
2 continue to occupy the property as their principal residence for  
3 at least one year"?

4 A Yes, it is.

5 Q Let's look at the second page. Who is it that Green Point  
6 Funding requires to sign these occupancy riders?

7 A Alexis Ikilikyan did because she was the borrower, and  
8 William Poff would have had to, as he is her husband -- or was  
9 her husband.

10 Q Now, let's go back to Exhibit 601, please. Ms. Munger,  
11 assume for a moment that instead of the \$2 million purchase price  
12 that is listed here, as it was listed in the documents provided  
13 to Green Point Funding, the real purchase price was only  
14 \$1.3 million. Would that have affected Green Point's decision to  
15 fund this loan?

16 A Yes. Everything would have been based off the lower purchase  
17 price.

18 Q And by "everything," what do you mean?

19 A We would have lent on a lower loan amount. We would not have  
20 lent on a 2 million value. We would have lent off the  
21 1.3 million value.

22 Q And if the borrower's employment, finances and assets were  
23 inflated or otherwise inaccurate, as listed on the loan  
24 application, would that have affected Green Point Funding's  
25 decision to fund this loan?

1 A Yes. Because that would have changed our decision on their  
2 ability to pay back this loan.

3 Q And if, assume for a moment, there was no \$407,105 down  
4 payment, and, in fact, no down payment at all, would that have  
5 affected Green Point Funding's decision to fund this loan?

6 A Yes, because, again, we require the borrower to have a vested  
7 interest in the property.

8 Q And if the borrower or her husband, in fact, did not intend  
9 to reside there, would that have affected the decision?

10 A Yes, it would have.

11 Q And how would that have affected it?

12 A If they did not intend to live there, this would have been  
13 lent on a property as a nonowner-occupied, which would have  
14 lowered the loan amount that we would have lent on it.

15 Q Can you look, please, at Exhibit 609, previously admitted as  
16 a public record. Do you recognize this document?

17 A This would be a notice of trustee sale on the deed, meaning  
18 the property is being foreclosed on.

19 Q Is that a trustee's notice for the property we have been  
20 discussing, 9488 199th Avenue Southeast?

21 A Yes, it is.

22 Q And what does this indicate to you?

23 A That the loan was not paid, so they are taking and  
24 foreclosing on the home.

25 Q And somewhere within this document does it indicate how much

1 was still owed to Green Point Funding or its successor in  
2 interest on this \$1.4 million loan at the time this notice was  
3 filed?

4 A I believe it is page 2 under paragraph 4.

5 Q And what is that amount?

6 A \$1,449,688.86.

7 Q And how is it that can be higher than the original principal  
8 balance?

9 A The type of loan they took out is called a negative  
10 amortization loan, so they paid a minimum payment, which did not  
11 always cover the amount of interest that was due. So that was  
12 added on to the balance.

13 MS. VOGEL: No further questions.

14 THE COURT: Mr. Poff.

15 CROSS-EXAMINATION

16 By the Defendant:

17 Q Good afternoon, ma'am.

18 A Good afternoon.

19 Q In your stated income program that your company had, they  
20 didn't verify any of the income that was stated on the loan  
21 applications?

22 A No. The stated income means just that, they state what their  
23 income is and we just have to verify they actually have that job.

24 Q Could I see Exhibit 606.23? Ma'am, on this signature page of  
25 the deed of trust, if that was a forged signature, would that

1 substantially affect the proper disclosure of that form as far --  
2 in regards to William S. Poff?

3 A Yes. Escrow would have been the one to verify who signed  
4 that document.

5 Q Can I see Exhibit 609? On this notice of trustee sale it  
6 says, towards the bottom, "To Rainier Title as trustee to secure  
7 an obligation in favor of Mortgage and Electronic Registration  
8 Systems, Incorporated as the beneficiary." Do you have any  
9 experience with the MERS system?

10 A That is actually pretty much almost any deed of trust. It  
11 has to do with when they take and transfer it over to somebody.  
12 In this particular case, in a trustee sale, you generally  
13 transfer your interest to the people who are doing the actual  
14 collecting.

15 Q To your knowledge, has there been considerable problems with  
16 the foreclosure processes in regards to the MERS system?

17 A I could not speak to that.

18 THE DEFENDANT: Thank you, ma'am. That concludes my  
19 questions, your Honor.

20 THE COURT: All right. Any redirect?

21 MS. VOGEL: None, your Honor.

22 THE COURT: You may step down.

23 MS. VOGEL: May this witness be permanently excused?

24 THE COURT: Mr. Poff, may we excuse the witness?

25 THE DEFENDANT: I am finished, your Honor.

1 THE COURT: That means you don't have to come back.

2 MR. SCOVILLE: The government calls Sharon Kirkdoffer.  
3 Whereupon,

4 SHARON KIRKDOFFER

5 Called as a witness, having been first duly sworn, was examined  
6 and testified as follows:

7 THE CLERK: Will you please state your full name and  
8 spell your last name for the record?

9 THE WITNESS: Sharon Kirkdoffer. The last name is  
10 spelled K-I-R-K-D-O-F-F-E-R.

11 DIRECT EXAMINATION

12 By Mr. Scoville:

13 Q Good afternoon.

14 A Hello.

15 Q Ms. Kirkdoffer, where do you live?

16 A 4922 North Highland Drive East in Bonnie Lake, Washington.

17 Q Take a look at the chart mounted on the easel in front of  
18 you. Are you familiar with any of the transactions described on  
19 the chart?

20 A Yes, number eight.

21 Q How are you familiar with that transaction?

22 A We built and owned that home.

23 Q I want to show you an exhibit that is already in evidence,  
24 Exhibit 800. Do you recognize that house?

25 A Yes, that is the home we built.



1 Q You said you built it?

2 A Yes, we had it built.

3 Q And when did you have it built?

4 A In 1980.

5 Q How long did you live there?

6 A Until -- 24, 25 years.

7 Q Until you sold it?

8 A Correct.

9 Q Who was your real estate agent when you sold it?

10 A Sue Donaldson at Prudential.

11 Q Who did you ultimately sell the house to?

12 A It is a difficult name. Harutyunyan.

13 Q When did the sale close, Ms. Kirkdoffer?

14 A It closed in early March of 2007.

15 Q Did you ever meet Mrs. Harutyunyan during the negotiations?

16 A No.

17 Q Who was it that you dealt with during those negotiations?

18 A Our real estate agent.

19 Q Mrs. Donaldson?

20 A Yes.

21 Q During the negotiations, did you gain any sort of  
22 understanding of what Ms. Harutyunyan was planning to do with the  
23 house?

24 A It was my understanding that she was going to have it as a  
25 primary residence.

1 Q Was that important to you?

2 A Very much so.

3 Q Why?

4 A Because that is a very special area with wonderful neighbors,  
5 and I wanted it to go to somebody that would really enjoy being  
6 in that neighborhood.

7 Q Mrs. Kirkdoffer, at some point when you were negotiating this  
8 purchase and sale, was Mrs. Harutyunyan's credit run?

9 A Our realtor did send us some things with a credit score.

10 Q For Mrs. Harutyunyan?

11 A Yes.

12 Q And did you consider that information in deciding whether or  
13 not to go forward with the deal?

14 A Definitely.

15 Q Why?

16 A Because it made us feel that she would be able to actually  
17 purchase the home.

18 Q What was it in particular about the credit report that made  
19 you feel that way?

20 A Well, all three agencies, one was over 700 -- the scores, and  
21 two were in the high six hundreds.

22 Q Was there anything you remember about her assets?

23 A Yes, there was one thing. We were told that possibly the  
24 scores that were in the six hundreds were because she owned  
25 several properties.

1 Q And how did that make you feel, seeing that she owned several  
2 properties? How did that influence your decision?

3 A Well, I felt that she had the finances to do that.

4 Q Mrs. Kirkdoffer, was seller financing part of the deal that  
5 was negotiated?

6 A Yes, it was.

7 Q And what were the terms of the seller financing that was  
8 negotiated, as you recall them?

9 A Well, that a first mortgage would be at a bank, and that we  
10 would hold the second for the amount that we did. Would you like  
11 the amount?

12 Q Yes.

13 A It was for \$305,000.

14 Q Take a look at Exhibit 815, which is already in evidence. It  
15 is going to magically appear on the screen in front of you. We  
16 will zoom in to make it easier on your eyes.

17 Do you recognize this document?

18 A Yes.

19 Q And what is this?

20 A It is the counteroffer addendum to the real estate purchase  
21 and sale agreement.

22 Q Is this something that became part of the final deal?

23 A Yes, it was.

24 Q What does it indicate, as far as the amounts of the financing  
25 that you and your husband were going to give?

1 A That we would carry the balance of \$305,000.

2 Q And how was that going to be paid?

3 A That was going to be paid over 60 months or approximately  
4 five years. And we would be paid interest only up until the time  
5 of the five years, at which time we would have a balloon payment  
6 and it would all be paid off.

7 Q When did the topic of seller financing first come up in your  
8 negotiations?

9 A Around January, I think. The end of January.

10 Q Do you have any understanding of the reason why seller  
11 financing was sought?

12 A Yes. Because it was my understanding that they were okayed  
13 for a loan for the 900 and some thousand, and that the additional  
14 we would carry.

15 Q Ms. Kirkdoffer, I would like you to take a look at  
16 Exhibit 814a.

17 Madam Clerk, I would appreciate it if you would show her the  
18 original of that document.

19 I am going to ask you to take a look at the original  
20 hardcopy.

21 A What was the number?

22 Q 814a. First I will ask you to look at it and tell me if you  
23 recognize it.

24 A Yes, I do recognize that.

25 Q And what is it?

1 A It is a seller financing agreement.

2 Q Is this something that you received in the course of closing  
3 the deal?

4 A Yes, it was.

5 Q Who did you receive it from?

6 A Micki Thompson from escrow.

7 Q Did you receive it at the time of closing?

8 A Yes.

9 Q And is this something that was provided to you, and on which  
10 you relied on in closing out the transaction?

11 A Yes.

12 MR. SCOVILLE: The government offers Exhibit 814a.

13 THE DEFENDANT: No objections.

14 THE COURT: The exhibit is admitted.

15 (814a admitted.)

16 By Mr. Scoville:

17 Q Ms. Kirkdoffer, I want you to look at the very last paragraph  
18 of Exhibit 814a entitled "Waiver." And I want to direct your  
19 attention to the language that states, "Both parties understand  
20 this is a separate transaction from the purchase and financing of  
21 the property described above." Do you see that language?

22 A Yes, I do.

23 Q Was that your understanding, that this was a separate deal  
24 for seller financing?

25 A I wasn't aware that it was a separate document.

1 Q How did you view the seller financing, as being separate from  
2 the purchase and sale or as being part of the purchase and sale?

3 A Part of the purchase and sale.

4 Q Was it ever explained to you in your negotiations that you  
5 were actually going to separate out the seller financing from the  
6 purchase and sale?

7 A Definitely not.

8 Q Ms. Kirkdoffer, I am going to keep 814a up on the screen.  
9 Next to it I will place 814, which is already in evidence as a  
10 Great American Escrow business record. First let's focus on the  
11 paragraph in the two respective documents entitled "Note and deed  
12 of trust." In the exhibit on the right, 814, do you see the  
13 language stating, "Seller is aware that two loans may be needed  
14 before this loan"?

15 A I see it. I hadn't seen it before.

16 Q Is that language in Exhibit 814a a copy of the seller  
17 financing agreement that you took home from escrow?

18 A No, it was not.

19 Q Ms. Kirkdoffer, did you sign two seller financing agreements  
20 at escrow or did you just sign one?

21 A One.

22 Q Ms. Kirkdoffer, were you made aware that two loans might be  
23 needed before your seller financing loan?

24 A Definitely not.

25 Q What was your understanding your position would be relative

1 to any other financing being in the transaction?

2 A Second.

3 Q Was that important to you?

4 A Yes.

5 Q Why?

6 A Because it helped guarantee our loan.

7 Q Ms. Kirkdoffer, now I would like you to take a look at  
8 Exhibit 819, also previously in evidence, a Great American Escrow  
9 record. Do you recognize this document, Ms. Kirkdoffer?

10 A No.

11 Q Did you sign this?

12 A That's my signature, but I didn't -- I wouldn't have signed  
13 that.

14 Q Why do you say you wouldn't have signed it?

15 A Because it gives them -- we agree to do a loan to her after  
16 the purchase was closed.

17 Q Is that something you remember agreeing to?

18 A Definitely not.

19 Q Is it something you would have agreed to?

20 A No.

21 Q Let's take a look at the dates in particular,  
22 Mrs. Kirkdoffer. Is that date written in your handwriting?

23 A No.

24 Q Are you familiar with your husband's handwriting?

25 A Very definitely.

1 Q Is that date written in his handwriting?

2 A No.

3 Q This document bears the date of March 13th, 2007. The seller  
4 financing agreements that we previously saw, 814 and 814a, bear  
5 the date of March 6th, 2007. Ms. Kirkdoffer, I want to ask you,  
6 in March of 2007, how many times did you go to Great American  
7 Escrow to close this deal?

8 A I believe once.

9 Q Do you recall any reason why you would have needed to go back  
10 a week after you signed the closing documents the first time?

11 A No.

12 Q At the time of the closing, Ms. Kirkdoffer, who was there?

13 A Micki Thompson and my husband and myself.

14 Q At that time did you express any concern about whether you  
15 would be paid back the \$305,000 that you were loaning?

16 A Yes.

17 Q Do you recall what the escrow agent, Micki Thompson, said in  
18 response?

19 A She set it up so if the payments were late we would  
20 receive -- they would pay a penalty for being late. So she  
21 didn't seem to think it was a problem. She also said that they  
22 had other properties, and so we felt fairly secure that we would  
23 have that note secured.

24 Q Did Ms. Thompson say anything to you about the buyer,  
25 Ms. Harutyunyan?



1 A Yes, because I had not yet met her. Micki assured me she had  
2 met her and she was very nice.

3 Q Mrs. Kirkdoffer, are you still receiving payments on your  
4 \$305,000 seller-carried note?

5 A No.

6 Q When did you stop receiving payments?

7 A In May of 2007.

8 Q At some point, Ms. Kirkdoffer, did you become aware that the  
9 house had gone into foreclosure?

10 A Yes, we received information.

11 Q Did you ever receive any money from the foreclosure sale,  
12 Ms. Kirkdoffer?

13 A No.

14 MR. SCOVILLE: No further questions.

15 THE COURT: Mr. Poff.

16 CROSS-EXAMINATION

17 By the Defendant:

18 Q Good afternoon, ma'am.

19 A Hello.

20 Q Could I see Exhibit 814 and 814 alpha. 814 and 814 alpha,  
21 the signature portions. If you could put them both up and place  
22 them side by side?

23 Now, ma'am, you said you only went to escrow once to sign  
24 documents at Great American, correct?

25 A It might have been twice, like the 6th or 7th. We didn't go

1 back a week later.

2 Q Before, the plaintiffs were discussing with you that these  
3 were actually two different documents. The one didn't have the  
4 same disclosures as the other document?

5 A I never received the one that had -- Well, you have a copy  
6 of the one I received.

7 Q I'm sorry, ma'am?

8 A I believe you have a copy of the one I received. It is the  
9 one that stated the balance would be paid 60 months from the date  
10 of closing.

11 Q When you say "you," who are you referring to, ma'am, as far  
12 as receiving the document?

13 A That's the only one I am aware of.

14 Q You said someone had received a document, and you said "you."  
15 Who had received the document? Are you referring to myself,  
16 Mr. Poff? I was confused who that was, that's all.

17 A I don't know.

18 Q Let me back up one second. Who was it that you had given the  
19 document to before? Who was that you were referring to?

20 A We received this from the escrow agent. We signed it there.

21 Q And that's who you were talking about, escrow had received  
22 the document?

23 A (Witness nodding.)

24 Q Okay, ma'am. This is obviously two different documents, but  
25 it appears to be the exact, to the smallest degree, signatures.

1 Does that look like --

2 A That is my signature.

3 Q That is your signature on both documents?

4 A That's correct. But I never signed the one that said --

5 Q Could you put the whole document up? Does that help, ma'am,  
6 right there?

7 A There is a big difference here that I definitely would have  
8 noticed. On the Exhibit 814a it states, "The entire balance of  
9 principal and interest shall be due and payable 60 months from  
10 the date of closing." That's what we agreed to.

11 Q So these are two different documents?

12 A I don't know where this one came up with 26 months. That was  
13 never a part of this negotiation.

14 Q So it would be safe to assume these are two different  
15 documents then?

16 A They are.

17 Q Could you go back to the signature portion on both of these  
18 pages? Now, on these two different documents, except for the  
19 spacing where -- it appears to be your husband, Charles, where he  
20 had signed on one document, and he had signed on another. It  
21 appears the spacing was --

22 A Those appear to be the same signatures. In looking at them,  
23 they are the same signatures, but he signed once.

24 Q So would it be safe to say that your signature was cut off of  
25 one document and probably photocopied onto another?

1 A I don't know how it got there. I know which one I signed.

2 THE DEFENDANT: Thank you, your Honor. That's it.

3 THE COURT: Thank you, Mr. Poff. Redirect?

4 MR. SCOVILLE: No questions, your Honor.

5 THE COURT: You are excused. Thank you very much. The  
6 government calls William Kim.

7 Whereupon,

8 WILLIAM KIM

9 Called as a witness, having been first duly sworn, was examined  
10 and testified as follows:

11 THE CLERK: Will you please state your full name and  
12 spell your last name for the record?

13 THE WITNESS: William Kim, last name K-I-M.

14 DIRECT EXAMINATION

15 By Mr. Scoville:

16 Q Good afternoon, sir.

17 A Good afternoon.

18 Q What city do you live in?

19 A I live in Chino Hills, California.

20 Q And where do you work?

21 A I work for Just Mortgage located in Rancho Cucamonga,  
22 California.

23 Q How long have you worked for Just Mortgage?

24 A It has been about seven, eight years so far.

25 Q What is your job there?

1 A I am the chief credit officer. Also I am the vice-president  
2 of the company.

3 Q And what are your responsibilities as chief credit officer  
4 and vice-president?

5 A I am overseeing the operation. At the same time, I am doing  
6 quality control with the files too.

7 Q How long have you held those positions?

8 A About four years.

9 Q Did you hold those positions in 2007?

10 A Yes.

11 Q What are your responsibilities?

12 A My responsibility is, again, overlooking the whole operation  
13 of the company. But at the same time, if there is any problem  
14 with the files and stuff like that, then I do the quality control  
15 on the file.

16 Q Mr. Kim, are you familiar with the types of loans that Just  
17 Mortgage offers?

18 A Yes.

19 Q And what types of loans are those?

20 A The ones that relate to the file or pretty much everything we  
21 are offering?

22 Q All together.

23 A Back then we did paper loans, which the borrower has a good  
24 credit score. We also did outtakes, which has a minimum FICO  
25 score between 620 to 680. We offered different kind of

1 documentation type, such as stated income, no ratio. We also had  
2 a no doc back then.

3 Q I want to ask about the no ratio product that you offered.

4 A Sure.

5 Q Is that a product you offered in 2007?

6 A Yes, we did offer no ratio in 2007.

7 Q And what is a no ratio loan?

8 A No ratio loans -- there is different information the borrower  
9 needs to disclose in order to get the loan. No ratio --  
10 typically no ratio, as long as you have a job and assets, we  
11 don't ask for how much income the borrower is making.

12 Q What do you verify then with respect to a no ratio loan?

13 A We verify employment, sometimes by calling them or getting  
14 information from online. We also verify asset information, too.

15 Q Mr. Kim, take a look at the chart that is mounted on the  
16 easel in front of you, which we have marked as Exhibit 1 in this  
17 trial. Are you familiar with any of the transactions described  
18 in that chart?

19 A The last one, with the property address located at 27419 8th  
20 Avenue South. I believe that's the loan that we did back in  
21 2007.

22 Q And when you say that is the loan we did, what do you mean?

23 A We lend them money for the borrower. As far as I remember,  
24 there was a first and second related to that transaction.

25 Q And do the amounts listed on that chart accurately reflect

1 the financing that Just Mortgage extended in 2007 in connection  
2 with transaction number eight?

3 A Yes.

4 Q Have you reviewed records of Just Mortgage regarding the  
5 financing that was extended?

6 A Yes, I did.

7 Q Mr. Kim, let's take a look at Exhibit 809, previously  
8 admitted as a Just Mortgage business record. What is this  
9 document, sir?

10 A This is a final application called a 1003. That is the name  
11 of the form.

12 Q Is this something that Just Mortgage relied upon in deciding  
13 to extend the financing?

14 A Yes, it is.

15 Q Mr. Kim, what was Just Mortgage told about the identity of  
16 the borrower?

17 A Can you repeat that question again?

18 Q Sure. According to Just Mortgage's records, who was the  
19 borrower supposed to be?

20 A The borrower was Armenuhi Harutyunyan. Sorry about that.

21 Q Harutyunyan?

22 A Harutyunyan.

23 Q Mr. Kim, would it have made a difference to Just Mortgage if  
24 someone else had actually agreed to make the payments on behalf  
25 of Ms. Harutyunyan, and was merely using her name?

1 A It does make a big difference.

2 Q Why does it make a big difference?

3 A Because we were lending the money to the borrower based upon  
4 the borrower's information. If there was somebody else making  
5 payment for the borrower, obviously that is something that we  
6 need to consider. We need to review the entire document with  
7 that person at the same time. Without knowing the information  
8 for the people who is actually making borrower (sic), it makes a  
9 difference.

10 Q Mr. Kim, from looking at Exhibit 809, can you tell us what  
11 was Just Mortgage told about the borrower's intended use for the  
12 property?

13 A We were doing this loan based on primary residence.

14 Q What does primary residence mean to Just Mortgage?

15 A The borrower will occupy the property after the loan get  
16 closed.

17 Q Is that something that is important to Just Mortgage?

18 A It is very important, because of the different -- based on  
19 different types of occupancy, there is a different guideline that  
20 we need to follow. Obviously risk will be a little bit higher  
21 than primary, than if somebody is buying a property as a second  
22 home or investment. There is more risk factors if it is not a  
23 primary residence.

24 Q Why is it more risky if someone is buying the home as an  
25 investment property as opposed to a primary residence home?



1 A There is a tendency if something goes bad, for example, if  
2 the borrower lost employment, things like that, it has more  
3 tendency that borrower is going to default on the payment for the  
4 investment property. So that's why we need to follow different  
5 guidelines, to make sure the borrowers qualify for investment  
6 property.

7 Q Is there any difference in the interest rates that Just  
8 Mortgage required to be paid for primary residence loans as  
9 opposed to investment property loans?

10 A As I mentioned before, there is more risk factors on  
11 investment property. Obviously risk is going to be higher than  
12 primary.

13 Q Does that affect then the interest rate as well?

14 A Yes. The rates are higher -- interest rates are higher than  
15 primary residence.

16 Q For investment property loans, is that what you meant to say?

17 A Yes.

18 Q Mr. Kim, would it have made a difference to Just Mortgage if  
19 you were told that, in fact, Ms. Harutyunyan did not intend to  
20 occupy this property as her primary residence?

21 A Of course.

22 Q And why?

23 A If we knew or if the borrower is not going to live at the  
24 property as a primary residence, again, there is more risk  
25 factors, and we need to follow different guidelines. The

1 interest rates are going to be higher than normal -- not normal,  
2 but primary. It does make a huge difference.

3 Q Let's look now at the second page of Exhibit 809. Looking at  
4 that page, can you tell us what Just Mortgage was told about  
5 where Ms. Harutyunyan was employed?

6 A She was self-employed at the company called Hay Computer  
7 Networking for four years.

8 Q Directing your attention further down the page to the income  
9 section, which appears to be blank. Can you tell us why it is  
10 blank?

11 A As I mentioned again -- before, it was a no ratio type  
12 documentation loan. The borrower or broker who actually sent the  
13 file to us didn't have to disclose the income on the application.

14 Q Did you require income to be disclosed in connection with  
15 this loan?

16 A No, we don't require it.

17 Q Did you require some information to be provided about  
18 employment?

19 A We pull out the public information about the job, making sure  
20 that the company belongs to the borrower, for how long.  
21 Typically we would be asking for two months of employment history  
22 for that.

23 Q You said "two months"?

24 A I'm sorry. Two years.

25 Q Let's look at Exhibit 810, also previously admitted as a Just

1 Mortgage business record. What is this?

2 A This is the information that we retrieved from a database  
3 online to make sure that the business is there, and it actually  
4 belongs to the borrower.

5 Q If you weren't requesting any disclosure of income, why did  
6 you bother verifying the business?

7 A Stability of the income. Just make sure that the borrower  
8 owns the business for two years, and making sure that he is --  
9 based on information that they are verifying -- or based on  
10 information they are giving to us saying that they are  
11 self-employed, have a business. It is very important for us to  
12 make sure that there is some kind of income stability. The  
13 borrower has to make a payment on time.

14 Q Assume that, in fact, Ms. Harutyunyan did not have this  
15 business, and that this business, Hay Computer Networking and  
16 Consulting, did not exist. Would that have made a difference to  
17 Just Mortgage?

18 A It does make a big difference.

19 Q Why?

20 A We don't have the stability of income now.

21 Q Mr. Kim, from your review of the file, can you tell us, was  
22 Just Mortgage made aware of any separate financing being provided  
23 by the seller in connection with the transaction?

24 A Not that I know of.

25 Q Take a look at Exhibit 811, also previously admitted as a

1 Just Mortgage business record. Can you tell us what this is?

2 A It is a sales contract, the purchase contract between seller  
3 and buyer.

4 Q And have you previously looked through Exhibit 811 --

5 A Yes, I did.

6 Q -- to see whether there was any seller financing mentioned in  
7 it?

8 A I couldn't find any other information, as far as the seller  
9 financing information, other than seller contribution.

10 Q What do you mean "other than seller contribution"?

11 A Well, there is seller contribution. I guess the borrower and  
12 seller agrees that the seller will pay a certain amount of money  
13 to the borrower to cover the closing costs. But there is no  
14 supplemental financing or third financing the seller is going to  
15 give to the borrower.

16 Q Let's look at 812. It was previously admitted as a Great  
17 American Escrow record. Can you tell us what this is, Mr. Kim?

18 A This is the loan approval that we are sending to the broker  
19 and the escrow to let them know that the loan has been approved,  
20 and there is a condition prior to doc -- prior to funding  
21 condition they need to satisfy in order to complete the  
22 transaction.

23 Q I will zoom in on the bottom half of this approval  
24 notification, and direct your attention to condition seven,  
25 "Sales contract to be amended to show seller contribution towards

1 buyer cannot exceed NRCC." Mr. Kim, do you know what NRCC means?

2 A Not recurring closing costs.

3 Q What are those?

4 A Closing costs, that is like title fees, escrow fees, lender  
5 fee kind of stuff that is related to the transaction.

6 Q Assume Just Mortgage had been made aware the seller was  
7 agreeing to provide \$305,000 in seller financing in connection  
8 with this purchase and sale. Would that have violated condition  
9 seven?

10 A Yes, it does. Did you say \$305,000?

11 Q Yes.

12 A Yes, it does.

13 Q Why is that?

14 A Because we only allow up to three percent of the seller price  
15 or purchase price as a seller contribution. Or it can be lower  
16 if the actual closing cost -- whichever is lower, either three  
17 percent of the purchase contract or actual closing costs,  
18 whichever is lower. That is how much we allow seller to pay.

19 Q What is it that money can be applied towards?

20 A Less than \$40,000, \$39,000.

21 Q Towards what can that be applied?

22 A Towards the closing costs.

23 Q Can it be applied towards other things?

24 A Such as?

25 Q Or just the closing costs?

1 A Just the closing costs.

2 Q Mr. Kim, now I would like you to take a look at 813. Let's  
3 zoom in on the top half of the first page. This has also been  
4 previously admitted as a Just Mortgage business record. What is  
5 this, sir?

6 A This is called final HUD-1 provided by escrow.

7 Q Let's take a look at the bottom of this first page. Do you  
8 see the entry entitled "Cash to seller," in the amount of  
9 approximately \$1,023,000?

10 A Yes.

11 Q Assume approximately \$300,000 of that was going to the buyer.  
12 Would that have affected Just Mortgage's decision?

13 A One-third of that amount going to the borrower?

14 Q Yes. Mr. Kim, I would like you to assume, instead of a  
15 million dollars going to the seller, only \$700,000 was going to  
16 the seller, and \$300,000 was going to the buyer. Would that have  
17 affected Just Mortgage's lending decision?

18 A Of course.

19 Q Why?

20 A Because borrower cannot take any money out of the transaction  
21 that is coming from the seller.

22 Q Why is that?

23 A It is just a guideline that we have in order to make sure  
24 there is no relationship or money transaction between seller and  
25 buyer other than what we know from the financial -- the final

1 HUD.

2 Q Why do you care about whether there are hidden side deals  
3 between the buyer and seller?

4 A If there is any kind of side deal or under the table deal,  
5 might cause another issue later on, as far as fraud on the loan.  
6 So we don't allow those kinds of transactions at all.

7 Q Finally, Mr. Kim, I would like you to assume that in fact  
8 \$305,000 was being provided as seller financing on top of the  
9 \$1 million first loan and \$200,000 second loan that Just Mortgage  
10 was providing in connection with this purchase and sale for the  
11 amount of approximately \$1.3 million. Would that \$305,000 amount  
12 of seller financing have affected your decision?

13 A Yes.

14 Q Why?

15 A Because it doesn't fit the guideline of how much we can lend  
16 to the borrower.

17 Q Can you explain that?

18 A There is a certain term that we are using called LTV. If the  
19 loan amount is higher than what the actual purchase price is --  
20 Well, it depends on documentation. But for the typical  
21 documentation we don't allow anything more than -- I believe it  
22 is either 95 percent or 100 percent of the purchase price. If  
23 there is any kind of sub-financing the buyer is getting from  
24 seller, then that makes about 115 percent or 120 percent of loan  
25 to value. That doesn't fit our guideline, and we are not able to

1 | lend any money to the borrower if that's the case.

2 Q Mr. Kim, take a look now at Exhibit 801. Have you previously  
3 reviewed this chart?

4 | A Yes, I did.

5 Q Does it accurately summarize information on which Just  
6 Mortgage relied in making its lending decision?

7 | A Yes. These are the information that we made the loan.

8 | MR. SCOVILLE: The government offers 801.

9 THE DEFENDANT: No objections, your Honor.

10 THE COURT: 801 is admitted.

11	(801 admitted.)
----	-----------------

12 MR. SCOVILLE: No further questions.

13 THE COURT: Mr. Poff, any questions?

14 CROSS-EXAMINATION

15 | **By the Defendant:**

16 Q Good afternoon, Mr. Kim.

17	A	Hello.
----	---	--------

18 Q Now, is your company a federally-insured lender?

19 | A **We are not.**

20 Q Can I see Exhibit 801, please, the chart?

21 THE DEFENDANT: My only objection, it says in Count 1,  
22 conspiracy to commit bank fraud and wire fraud. They are not a  
23 federally-insured lender.

24 THE COURT: Didn't we just admit 801 and you agreed to  
25 it?



1 THE DEFENDANT: Yes. I just noticed that after he said  
2 they are not a federally-insured lender, your Honor.

3 THE COURT: I am not going to change my decision on  
4 admission. It would go to the weight of the document. Ask your  
5 next question.

6 THE DEFENDANT: That's it. Thank you, Mr. Kim.

7 THE COURT: Is the witness excused, Mr. Poff?

8 THE DEFENDANT: Yes, sir.

9 THE COURT: You are excused. Thank you very much.

10 MR. SCOVILLE: No redirect, your Honor.

11 THE COURT: You didn't seem to be springing forth.

12 MS. VOGEL: At this time we would recall Becky Carnell.

13 THE COURT: You are still under oath.

14 (BECKY CARNELL)

15 (Continued direct examination)

16 By Ms. Vogel:

17 Q Ms. Carnell, when we wrapped up on Friday afternoon we had  
18 just finished going through the chart -- the summary charts of  
19 the financial transactions for property number five on Exhibit 1;  
20 is that correct?

21 A That's correct.

22 Q And we had looked at individual property summary charts that  
23 you had prepared for each of those transactions up through  
24 property number five; is that correct?

25 A That's correct.

1 Q And could you look, please, just to refresh our recollection,  
2 at Exhibit 502? Is this the summary chart of the financial  
3 records for property number five that we looked at at the end of  
4 the day on Friday?

5 A Yes.

6 Q Also in connection with properties numbers three, four and  
7 five on Exhibit 1, did you pare down some of the information in  
8 the individual summary charts for those three properties and  
9 prepare a chart that focuses in on the interconnectivity of those  
10 three transactions?

11 A Yes.

12 Q And can you look, please, at Exhibit 924? Is this that  
13 chart?

14 A Yes, it is.

15 Q And can you explain to us what is included on this chart and  
16 where it came from?

17 A Yes. These transactions also show up on the individual  
18 charts for 302, 402 and 502. However, only on this chart is the  
19 transactions where the financial relationships between each one  
20 of those transactions occur.

21 Q So this pares down or leaves off a lot of the details for  
22 each, and leaves in what?

23 A I'm sorry?

24 Q It leaves off a lot of the details, but what is left in for  
25 this three-way chart?

1 A What is left is the interconnectivity showing the financial  
2 relationships between all three of those transactions.

3 Q So are all of the financial transactions listed on  
4 Exhibit 924 also listed on the individual property summary charts  
5 that we just looked at, 302, 402 and 502?

6 A Yes, they are.

7 MS. VOGEL: Move the admission of Exhibit 924.

8 THE DEFENDANT: No objections, your Honor.

9 THE COURT: 924 is admitted.

10 (924 admitted.)

11 By Ms. Vogel:

12 Q Ms. Carnell, using this chart, can you explain to us how  
13 these three purchases, which all took place in the same month and  
14 year, were financially connected?

15 A Sure. Starting with property number three, which was the  
16 first property in August, on August 1st, 2006 -- If we can zoom  
17 in on that section right there. We can see from the proceeds of  
18 the sale of 3821 South 345th partially funded the purchase of  
19 property number three at 13841 Southeast 138th Street. When that  
20 transaction closed, two checks were distributed and redeposited  
21 from the Great American Escrow account for 62,000 and 38,658.09.

22 If we can zoom back out again? We see the \$62,000 follows up  
23 to property number four, 2061 311th Avenue South. That 62,000  
24 was, again, redeposited into the Great American Escrow Key Bank  
25 account, and partially funded the purchase of number four. When

1 that property funded, \$41,447.81 was distributed and redeposited  
2 into that Great American Escrow Key Bank account for the credit  
3 to property number five.

4 If we can zoom out once again? Zooming in on property number  
5 five, we see that the \$38,658.09 from property number three and  
6 the \$41,447.81 from property number four are credited towards the  
7 down payment of property number five. Also credited towards the  
8 down payment of property number five are the two checks from that  
9 property itself, from \$9,974.61 and \$12,025.39.

10 Q Let's move to property number six on Exhibit 1. Did you also  
11 prepare a chart summarizing the financial transactions involved  
12 in the purchase and sale of this property at 9488 199th Avenue in  
13 Issaquah?

14 A Yes, I did.

15 Q Can you look, please, at Exhibit 602? Is this the chart you  
16 prepared based on your review of the financial records?

17 A Yes, it is.

18 MS. VOGEL: Move the admission of 602.

19 THE DEFENDANT: No objections, your Honor.

20 THE COURT: 602 is admitted.

21 (602 admitted.)

22 By Ms. Vogel:

23 Q Using this chart, Ms. Carnell, can you explain to us where  
24 the money came from to fund the purchase of this property by  
25 Alexis Ikilikyan from David and Joyce Hsu in February of 2007?

1 A Yes. Directing your attention to this box, which we just  
2 zoomed in on, you can see that this purchase was funded with two  
3 loans, the first one from Green Point Mortgage Funding, and the  
4 second from National City Mortgage Company. The first loan was  
5 funded via wire on February 27th, 2007, in the amount of  
6 \$1,417,004.21. The second loan from National City Mortgage  
7 Company was funded via wire on the same day in the amount of  
8 \$187,422.

9 Q And for each of those two wire transfers, Ms. Carnell, did  
10 you obtain a Federal Reserve confirming wire transfer document?

11 A Yes, I did.

12 Q Can you look, please, at Exhibit 646? Is this the  
13 Federal Reserve -- Fed Wire receipt for the \$1,417,004.21 wire  
14 transfer from Green Point Funding to partially purchase this  
15 property?

16 A Yes, it is.

17 Q And where was that wire received?

18 A That wire was received by the Great American Escrow Key Bank  
19 account, ending in 4185.

20 Q And can you look, please, at Exhibit 647? Is this the  
21 corresponding document for the second mortgage for the purchase  
22 of this same property?

23 A Yes, it is.

24 Q And, again, it shows an incoming wire of \$187,422; is that  
25 correct?

1 A That's correct.

2 Q And, again, this was received by the Key Bank Great American  
3 Escrow account?

4 A Yes.

5 Q Let's go back to Exhibit 602. Did you find any evidence  
6 there were any other funds coming in to purchase the remaining --  
7 to fund the rest of the purchase of this property?

8 A No, I did not.

9 Q Can you tell us, please, based on your review, how were the  
10 funds disbursed?

11 A Yes. Beginning at the top, we see Great American Escrow  
12 check 4625 paid to Alexis Ikilikyan in the amount of \$31,806.79.  
13 That check was deposited into Ms. Ikilikyan's Washington Mutual  
14 account, ending in 3135. The next box down shows an inter-escrow  
15 transfer out of this transaction for credit to escrow number  
16 0703002CB in the amount of \$100,078.56. The inter-escrow  
17 transfer document said this was paid to Marquin House Jobs. It  
18 went for credit of 7038 South Puget Sound Avenue, which is  
19 property number seven on Exhibit Number 1. The next box down  
20 shows a Great American Escrow wire to Armenuhi Harutyunyan in the  
21 amount of \$120,000. That amount was deposited into Harutyunyan's  
22 Bank of America account, ending in 6733.

23 Q Can you summarize how the remaining funds were disbursed?

24 A Yes. In the green box we show the check to America One  
25 Finance, and then a subsequent check from America One Finance to

1 Mr. Reyes' Washington Mutual account, 2957. And then we see the  
2 payoff to John L. Scott in the amount of \$10,000, which is the  
3 seller's real estate commission, the seller proceeds to David and  
4 Joyce Hsu, and then a payoff to Countrywide Home Loans to pay off  
5 the Hsu's existing mortgage on the property.

6 Q Ms. Carnell, what were the total proceeds disbursed from the  
7 purchase of this property by Ms. Ikilikyan to any of the 13  
8 subject accounts or for the benefit of another purchase on  
9 Exhibit 1?

10 A The total is \$251,885.35.

11 Q How much money did the buyer put into this transaction?

12 A None.

13 Q So subtracting zero from that, what was the net profit?

14 A \$251,885.35.

15 Q I want to focus now on the \$100,000 -- I'm sorry, on the  
16 \$120,000 payment from Great American Escrow to Ms. Harutyunyan's  
17 bank account. Did you also prepare a summary chart detailing  
18 that financial transaction?

19 A Yes, I did.

20 Q And can you look, please, at Exhibit 925? Is that the chart  
21 that summarizes this particular financial transaction?

22 A Yes.

23 MS. VOGEL: Move the admission of 925.

24 THE DEFENDANT: No objections, your Honor.

25 THE COURT: 925 is admitted.

1 (925 admitted.)

2 By Ms. Vogel:

3 Q Ms. Carnell, using this chart, can you please describe the  
4 financial transaction that is the basis for the substantive money  
5 laundering counts 46 and 62?

6 A Yes. Starting on the left-hand side you can see the proceeds  
7 of the sale -- excuse me, the purchase of 9488 199th Avenue  
8 Southeast. As part of that transaction, Great American Escrow  
9 wired \$120,000 from its Key Bank account ending in 4185 on  
10 March 8th, 2007, to Armenuhi's Bank of America account, ending in  
11 6673.

12 Q Now, who was the buyer of the property?

13 A Ms. Ikilikyan.

14 Q Was Ms. Harutyunyan involved in that transaction at all from  
15 the documents that you have reviewed?

16 A Only on the HUD.

17 Q And when you say "only on the HUD," what do you mean?

18 A It showed up on the HUD as a payoff of a personal note to  
19 Armenuhi Harutyunyan.

20 Q Can you tell us what happened to this \$120,000 after it was  
21 deposited into Ms. Harutyunyan's Bank of America account, 6733?

22 A Yes. A few days after it was deposited into the Bank of  
23 America 6733 account, \$118,000 was transferred to Ms. Ikilikyan's  
24 Bank of America 4089 account. A few days after that, it was  
25 combined with another sum of money, which we are going to see in



1 another property transaction, property number eight. \$313,600  
2 was then transferred to Ms. Ikilikyan's Washington Mutual 3135  
3 account.

4 Q And can you look, please, at Exhibit 922 first, previously  
5 admitted as a Great American Escrow record. Is this one of the  
6 underlying items that you relied upon in summarizing this  
7 financial transaction?

8 A Yes. But this corresponded with the bank account as well.

9 Q And can you look, please, at Exhibit 926? This is the actual  
10 bank record showing the \$120,000 wire transfer that you just  
11 described?

12 A Yes. It is the middle transaction.

13 Q Ms. Carnell, without digging into these actual financial  
14 records, how can a person looking at that property transaction  
15 have known that this payment of \$120,000 that went to Armenuhi  
16 Harutyunyan's bank account actually went to the benefit of the  
17 buyer, Ms. Ikilikyan?

18 A You would have to follow the money. On its face it appears  
19 that the money went to Ms. Harutyunyan's bank account, which  
20 indeed it did. However, without following the money and  
21 following it to Ms. Ikilikyan's Bank of America account, and then  
22 subsequently to Ms. Ikilikyan's Washington Mutual account, you  
23 would not know where those funds ended up.

24 Q And if we could go back, please, to the summary chart for  
25 property number six, 602. I want to focus in on the second box

1 on the right side, "financial records." This is the inter-escrow  
2 transfer of \$100,000 to Marquin House Jobs. Did you also prepare  
3 a summary chart for this financial transaction?

4 A Yes.

5 Q Can you look, please, at Exhibit 924? Is this the chart that  
6 details this particular financial transaction?

7 A Yes, it is.

8 MS. VOGEL: Move the admission of Exhibit 924.

9 THE DEFENDANT: No objections, your Honor.

10 THE COURT: 924 is admitted.

11 (924 admitted.)

12 By Ms. Vogel:

13 Q Ms. Carnell, can you please describe this financial  
14 transaction that is the basis for the substantive money  
15 laundering counts 47 and 63?

16 A Yes. This is the Great American inter-escrow transfer from  
17 the property that we just saw, property number six, for credit to  
18 the purchase of property number seven, located at 7038 South  
19 Puget Sound Avenue, in the amount of \$100,078.56. It was  
20 credited to property number seven on March 9th, 2007.

21 Q And can you look, please, at Exhibit Number 928, previously  
22 admitted as a Great American Escrow business record. Can you  
23 tell us what this is?

24 A This is a wire transfer verification from Great American  
25 Escrow records, showing the wire transfer or what is supposed to

1 be a wire transfer to Marquin House Jobs for the amount of  
2 \$100,078.56 on March 9th, 2007. It says for the memo, "Redo  
3 property."

4 Q Ms. Carnell, based on your review of these records, did you  
5 find any indication that Marquin House Jobs was involved in  
6 either the sale or the new purchase this was applied to?

7 A No, they were not.

8 Q Who was the buyer of the house from which this money came?

9 A Ms. Ikilikyan.

10 Q And who is the buyer of the house that this money was then  
11 used to purchase?

12 A Ms. Ikilikyan.

13 Q And that's based on who's named on the records?

14 A That's correct.

15 Q Now, without digging into the actual financial records and  
16 the inter-escrow records for both files, how could a person  
17 looking at this property transaction have known that this payment  
18 to Marquin House Jobs from the proceeds of the Issaquah property  
19 actually went to the benefit of the buyer, Ms. Ikilikyan?

20 A Again, you would not know. Looking at either side, either  
21 the property of 9488, you would see it as a payment out to  
22 Marquin House Jobs; if you were to look at the purchase of 7038,  
23 and those documents, you would see it as a credit from Marquin  
24 House Jobs. So without examining both records and comparing the  
25 two, you would not know.

1 Q Did you also prepare a summary chart that reviews the  
2 financial transactions involved in the refinance of the Issaquah  
3 property, property number six on the chart, approximately one  
4 month after the purchase?

5 A Yes.

6 THE COURT: Counsel, it is 3:00. Let's take our  
7 afternoon break at this time. We will be in recess until 3:15.  
8 (At this time a short break was taken.)

9 By Ms. Vogel:

10 Q Ms. Carnell, did you prepare a similar financial summary  
11 chart for the refinance that occurred in March of 2007 for  
12 property number six on Exhibit Number 1?

13 A Yes, I did.

14 Q Can you look, please, at Exhibit 641? Is that the chart you  
15 prepared for the refinance?

16 A Yes, it is.

17 MS. VOGEL: Move the admission of Exhibit 641.

18 THE DEFENDANT: No objections.

19 THE COURT: Admitted.

20 (641 admitted.)

21 By Ms. Vogel:

22 Q Can you describe for us, please, where the funds came from --  
23 how the funds came in from this refinance?

24 A Yes. Focusing in on the left-hand side of the financial  
25 records box, you see one loan from National City Mortgage

1 Company. That loan was funded via wire on March 27th, 2007, in  
2 the amount of \$163,830.83.

3 Q And did you find the corresponding Fed Wire or Federal  
4 Reserve wire transfer confirmation form?

5 A Yes.

6 Q Can you look at Exhibit 648? Is that the federal wire  
7 confirmation form for this particular wire transfer?

8 A Yes, it is.

9 Q And that's in the amount of \$163,830.83; is that correct?

10 A Yes.

11 Q And going back to Exhibit 641, please. Can you explain to us  
12 why the loan amount is \$350,000, but the wire amount is  
13 significantly less than that?

14 A Yes. The original second mortgage was also with National  
15 City Mortgage Company. So instead of National City wiring the  
16 entire amount of the loan to Great American Escrow, and then  
17 Great American Escrow funding the loan back to National City,  
18 National City paid off its own loan first and wired the remaining  
19 proceeds to the Great American Escrow Key Bank account.

20 Q And once the funds came into Great American Escrow, how were  
21 they disbursed?

22 A They were disbursed in two sources that were included on this  
23 chart. First, we see the two checks to Great America One Finance  
24 (sic), and then a subsequent check from America One Finance, in  
25 the amount of \$1,047.57, that was deposited into Mr. Reyes'

1 Washington Mutual account, ending in 2957. The second is a Great  
2 American Escrow wire to Alexis Ikilikyan, in the amount of  
3 \$159,289.03. And that was wired to Ikilikyan's Washington Mutual  
4 account, 3135.

5 Q Did you also prepare a summary chart summarizing your  
6 findings as to the financial transactions surrounding the  
7 purchase of property number seven on our chart, that is 7038  
8 South Puget Sound?

9 A Yes, I did.

10 Q And could you look, please, at Exhibit 702 -- 701. Is that  
11 the chart you prepared?

12 A Yes.

13 MS. VOGEL: Move the admission of 701.

14 THE DEFENDANT: No objections, your Honor.

15 THE COURT: 701 is admitted.

16 (701 admitted.)

17 By Ms. Vogel:

18 Q Can you tell us, please, where did the money come from for  
19 the purchase of this property by Ms. Ikilikyan from the Stepps on  
20 March 7th, 2007?

21 A Yes. Focusing on the left-hand side, there were two sources  
22 of funds in order to purchase this property. The first, on the  
23 top, we see the amount of \$100,078.56. We previously saw this on  
24 property number six, 9488 199th Avenue Southeast. Those were  
25 funds credited for Marquin House Jobs for credit to this purchase

1 right here. The second amount, the 1,779.77, we will actually  
2 see in property number eight, the property located at 27419 8th  
3 Avenue South. Proceeds from that purchase were credited towards  
4 this purchase here on March 7th, 2007.

5 Q And how were the funds disbursed?

6 A The funds were disbursed all to the sellers, William Stepp,  
7 Kathy Resop and Rich Stepp.

8 Q Now focusing in on the \$1,779.77 check that you just  
9 discussed, did you also prepare a chart detailing that particular  
10 financial transaction?

11 A Yes.

12 Q And can you please look at Exhibit 929 -- 930? Is that the  
13 chart that you prepared?

14 A Yes, it is.

15 MS. VOGEL: Move the admission of 930.

16 THE DEFENDANT: No objections, your Honor.

17 THE COURT: 930 is admitted.

18 (930 admitted.)

19 By Ms. Vogel:

20 Q Can you please describe in more detail this financial  
21 transaction that is the basis for the substantive money  
22 laundering Count 48?

23 A Yes. This is Great American Escrow check 46251 from Key Bank  
24 4185, representing the proceeds of property number eight at 27419  
25 8th Avenue South. This check was payable to Great American

1 Escrow, FBO Armenuhi Harutyunyan, and was redeposited into the  
2 same Great American Escrow account, Key Bank 4185, on March 13th,  
3 2007, for credit to property number seven, located at 7038 South  
4 Puget Sound Avenue.

5 Q And if we could look back, please, at Exhibit 701, the  
6 summary chart? On the top left-hand side we have that \$100,000  
7 payment to Marquin House Jobs that we just saw before the break.  
8 That is the same financial transaction; is that correct?

9 A Yes, it is.

10 Q Can you look, please, at Exhibit 929? These are previously  
11 admitted as Great American Escrow business records. Do you  
12 recognize this document?

13 A Yes. This is a disbursement worksheet found in the Great  
14 American Escrow records.

15 Q And what does this disbursement worksheet show, as far as  
16 where the funds came from to purchase this property?

17 A The two sums of money that we just looked at on the previous  
18 chart, under receipt you see \$100,078.56 from Marquin House Jobs,  
19 and the \$1,779.77 from Alexis Ikilikyan.

20 Q And anywhere on these receipts, Ms. Carnell, did you find any  
21 notations that that \$100,000 payment that went to purchase this  
22 property came from the previous purchase that Ms. Ikilikyan was  
23 the seller?

24 A No.

25 Q Did you also prepare a summary chart detailing the resale of



1 this same property, property number seven?

2 A Yes, I did.

3 Q And can you look, please, at Exhibit 715? Is that the chart  
4 that you prepared on this subject?

5 A Yes.

6 MS. VOGEL: Move the admission of 715.

7 THE DEFENDANT: No objections, your Honor.

8 THE COURT: 715 is admitted.

9 (715 admitted.)

10 By Ms. Vogel:

11 Q When was it that this property was sold?

12 A On August 14th, 2008.

13 Q And when it was sold, how were the funds disbursed?

14 A First we have on the top a Great American Escrow wire in the  
15 amount of \$35,000 payable to Modra. That was deposited into Ina  
16 Delgado-Garcia's Bank of America account, ending in 9575. Next  
17 we have a Great American Escrow check payable to Dove Realty, and  
18 the subsequent Dove Realty check payable to Tony Reyes in the  
19 amount of \$4,122.96. That was deposited in Mr. Reyes' Washington  
20 Mutual 2957 account. In the orange we see a Great American  
21 Escrow wire to T&K Investments in the amount of \$54,924. That  
22 was deposited into Investments' Bank of America account, ending  
23 in 7671. And in the blue we have Great American Escrow wire to  
24 The Plantation, LLC in the amount of \$46,394.32. That was  
25 deposited into The Plantation Washington Mutual account, ending

1 in 1314.

2 Q Based on your earlier review of the 13 subject bank accounts  
3 that you focused on in this part of the investigation, who is the  
4 person that is associated with The Plantation Washington Mutual  
5 account?

6 A Alexis Ikilikyan.

7 Q And based on your review of the financial transactions  
8 involving this T&K Investments account, who is the person that  
9 was using that account at that time period?

10 A Well, Roger and Tamara Hall were the signers on the account.  
11 In other words, I understood from the records that wire was for  
12 the benefit of Mr. Poff.

13 Q And can you look, please, at Exhibit 933, previously admitted  
14 as a Key Bank business record. Does this exhibit confirm the  
15 wire transfers to The Plantation, LLC account, and to the T&K  
16 Investments account that you just described?

17 A Yes. The T&K Investments wire is the second wire. And The  
18 Plantation, LLC is that wire right there, the \$46,394.32.

19 Q And what is your understanding of where this T&K Investments  
20 account was located?

21 A It is located in Michigan, formerly LaSalle Bank Midwest,  
22 however, changed to a Bank of America account.

23 Q And then based on your review of these documents, would that  
24 wire transfer have constituted an interstate wire transfer from  
25 the State of Washington to the State of Michigan?

1 A Yes.

2 Q Let's focus now on the last property on our chart, Exhibit 1.  
3 Did you also prepare a visual summary chart of the financial  
4 transactions involved in the purchase of that property?

5 A Yes.

6 Q And can you look, please, at Exhibit 802? Is that the chart  
7 that you prepared?

8 A Yes, it is.

9 MS. VOGEL: Move the admission of 802.

10 THE DEFENDANT: No objections, your Honor.

11 THE COURT: 802 is admitted.

12 (802 admitted.)

13 By Ms. Vogel:

14 Q Can you please tell us, using this chart, where the funds  
15 came from for the purchase of this property by Ms. Harutyunyan?

16 A Yes. This property was funded with two loans, both from Just  
17 Mortgage, Inc. The first loan was funded via wire on March 12th,  
18 2007, in the amount of \$999,588.33, into the Great American  
19 Escrow Key Bank account, ending in 4185. The second loan, also  
20 from Just Mortgage, Inc., was funded the same day, March 12th,  
21 2007, in the amount of \$199,705, also into the Great American  
22 Escrow Key Bank account, ending in 4185. There was also a seller  
23 credit in the form of a seller-carried note from Charles and  
24 Sharon Kirkdoffer in the amount of \$305,000.

25 Q Going back to the wire transfers momentarily. For those two

1 particular wires, did you obtain and confirm with the Federal  
2 Reserve's original bank records that those two wire transfers had  
3 occurred?

4 A Yes.

5 Q And did you confirm that they were sent through the Federal  
6 Reserve Fed Wire system?

7 A Yes.

8 Q And can you look, please, at Exhibit 823? Is that the  
9 Federal Reserve confirming wire receipt for the \$999,588.33 wire  
10 transfer that you just described?

11 A Yes.

12 Q And look, please, at Exhibit 824. Is that the confirming  
13 document for the smaller of the two wire transfers that you just  
14 described?

15 A Yes, it is.

16 Q And were both of those received by the Great American Escrow  
17 business account?

18 A Yes, ending in 4185.

19 Q Go back, please, to Exhibit 802. Tell us, please, how these  
20 funds were disbursed?

21 A In the top two green boxes we see the total of \$433,248.46  
22 distributed to Mr. Reyes. The top box represents his commission  
23 from America One Finance. The second box represents his  
24 commission from Skyline Properties.

25 In the blue we see the Great American Escrow wire to Armenuhi

1 Harutyunyan, first in the amount of \$199,404.84, that was wired  
2 to Ms. Harutyunyan's Bank of America account, ending in 6733.  
3 The second wire, also to Ms. Harutyunyan -- it was payable to  
4 Ms. Harutyunyan in the amount of \$11,064.29. However, this was  
5 deposited into Ms. Ikilikyan's Washington Mutual account, ending  
6 in 3135.

7 Next we have Great American Escrow check number 46251,  
8 payable to GAEFBO Armenuhi Harutyunyan in the amount of  
9 \$1,779.77. This check we had previously seen as being  
10 redeposited into the Great American Escrow Key Bank account for  
11 credit to property number seven, located at 7038 South Puget  
12 Sound Avenue.

13 Going down, we have the seller proceeds to the Kirkdoffers, a  
14 payoff for a Washington Mutual loan, for the Kirkdoffer's loan on  
15 the property, and the seller's real estate commission to  
16 Prudential Northwest Realty.

17 Q Can you tell us the total amount of proceeds that were  
18 disbursed to the subject account or for the benefit of a purchase  
19 on Exhibit 1, our chart, from this closing, property number  
20 eight?

21 A Yes. \$212,248.90.

22 Q And how much money did the buyer put in?

23 A None.

24 Q So what was the total net profit from the purchase of this  
25 property?

1 A \$212,248.90.

2 Q Now, Ms. Carnell, in addition to these summary charts of the  
3 financial records, have you also assisted in the preparation of  
4 what we call combined summary charts?

5 A Yes.

6 Q And what are those?

7 A Those are combining these summary charts with the financial  
8 records with the summary charts with the lender records.

9 Q And when you say that, those are the documents -- the summary  
10 charts that each of the lender representatives has previously  
11 testified to and has been admitted in evidence?

12 A That's correct. It is just combining the information on  
13 those two charts into one.

14 Q And can we look, please, at Exhibit 103? Is this the -- in  
15 microscopic writing, is this the summary chart -- the combined  
16 summary chart for the purchase of the duplexes listed in property  
17 one of Exhibit 1?

18 A Yes, it is.

19 Q And can you just explain to us what is found where on this  
20 chart?

21 A In the lighter green box you see the lender records. That's  
22 the lighter green box on both sides of the house. In the darker  
23 green box labeled "financial records," those are the financial  
24 records that I have just testified about.

25 Q So, for Exhibit 103, that is the combined chart for the

1 duplexes, is this essentially taking Exhibit 101 and Exhibit 102  
2 and putting them on the same page for ease of comparison?

3 A That's correct.

4 MS. VOGEL: Move the admission of 102.

5 THE DEFENDANT: No objections.

6 MS. VOGEL: I'm sorry, 103.

7 THE DEFENDANT: No objections, your Honor.

8 THE COURT: Exhibit 103 is admitted.

9 (103 admitted.)

10 By Ms. Vogel:

11 Q Have you done the same for all of the properties on the  
12 chart, with the exception of property number seven, which did not  
13 involve loans?

14 A Yes, I have.

15 Q So let's look first -- I will run through them briefly.  
16 Exhibit 203, is this the combined summary chart with both the  
17 lender and financial records for property number two on  
18 Exhibit 1?

19 A Yes, it is.

20 MS. VOGEL: Move the admission of 203.

21 THE DEFENDANT: No objections, your Honor.

22 THE COURT: 203 is admitted.

23 (203 admitted.)

24 By Ms. Vogel:

25 Q And Exhibit 303, please. Is this your combined summary chart

1 for property number three on Exhibit 1?

2 A Yes, it is.

3 MS. VOGEL: Move the admission of 303.

4 THE DEFENDANT: No objections, your Honor.

5 THE COURT: 303 is admitted.

6 (303 admitted.)

7 By Ms. Vogel:

8 Q Will you look, please, at 403? Is this the same combined  
9 summary chart for property number four on Exhibit 1?

10 A Yes, it is.

11 MS. VOGEL: Move the admission of 403.

12 THE DEFENDANT: No objections, your Honor.

13 THE COURT: 403 is admitted.

14 (403 admitted.)

15 By Ms. Vogel:

16 Q Exhibit 503, please. Is this the same combined summary chart  
17 for property number five on our chart, the Yelm property?

18 A Yes, it is.

19 MS. VOGEL: Move the admission of 503.

20 THE DEFENDANT: No objections, your Honor.

21 THE COURT: 503 is admitted.

22 (503 admitted.)

23 By Ms. Vogel:

24 Q Look at 603, please. Is this the combined summary chart that  
25 you assisted in preparing, combining the lender and the financial



1 records relating to the purchase of property number six on  
2 Exhibit 1?

3 A Yes, it is.

4 MS. VOGEL: Move the admission of 603.

5 THE DEFENDANT: No objections, your Honor.

6 THE COURT: 603 is admitted.

7 (603 admitted.)

8 By Ms. Vogel:

9 Q Can you look, please, at 642? Is this the combined summary  
10 chart relating to the refinance of property number six on  
11 Exhibit 1?

12 A Yes, it is.

13 MS. VOGEL: Move the admission of 642.

14 THE DEFENDANT: No objections, your Honor.

15 THE COURT: 642 is admitted.

16 (642 admitted.)

17 By Ms. Vogel:

18 Q And, finally, Ms. Carnell, if you look, please, at  
19 Exhibit 803. Is this the combined summary chart, combining the  
20 lender information with your financial analysis relating to the  
21 purchase of property number eight on Exhibit 1?

22 A Yes, it is.

23 MS. VOGEL: Move the admission of 803.

24 THE DEFENDANT: No objections, your Honor.

25 THE COURT: 803 is admitted.

(803 admitted.)

By Ms. Vogel:

Q Ms. Carnell, during the course of your investigation, did you review numerous Great American Escrow financial records?

A Yes.

Q Are you aware from that review whether Great American Escrow, the business itself, operates in interstate commerce -- or operates interstate?

A Based on my review of the bank records and the numerous Federal Reserve wire records in there, yes.

Q And did you also review bank records from Bank of America, and make any similar observations as to whether Bank of America operates interstate?

A Yes. Bank of America has several branches. As well, there were numerous Federal Reserve wire records in the Bank of America records.

Q And, in fact, in this case, a loan to two of the subject accounts associated with Bank of America exist in two different states, Washington and Michigan?

A Yes.

Q And is that also the same for the Washington Mutual accounts that you reviewed?

A Yes, that's correct. There were numerous Federal Reserve wire records in that account as well -- or numerous accounts.

Q And the Great American Key Bank account, did that also

1 indicate from your review that Key Bank is a bank that operates  
2 interstate?

3 A Yes.

4 Q And, in fact, all of these wire transfer confirmation reports  
5 that we have looked at were interstate wires into the Key Bank  
6 account, is that correct?

7 A That's correct.

8 Q I want to shift focus now and talk about the 13 subject  
9 accounts that you described for us on Friday. Have you analyzed  
10 for the relevant time periods, which I will have you define, the  
11 sources and the uses of the funds that were deposited into those  
12 accounts?

13 A Yes, I have.

14 Q Have you also prepared summary charts for us for those?

15 A Yes, I have.

16 Q Let's look first, please, at Exhibit 903. Can you tell us  
17 what this is?

18 A Yes. This is a summary chart that graphically depicts the  
19 sources into Ms. Ikilikyan's bank accounts or accounts controlled  
20 by Ms. Ikilikyan for the time period January 1st, 2005, through  
21 August 29th, 2008. These are the six Ms. Ikilikyan accounts that  
22 I spoke of on Friday. They are listed down in the lower  
23 left-hand corner.

24 Q Does this include accounts that are held in her name and also  
25 accounts that are held in the business names, such as Plantation

1 and U.S. Mortgage and Investment and U.S. Realty and Investment?

2 A That's correct.

3 Q And, Ms. Carnell, this visual representation, is this an  
4 accurate representation of your review of those six boxes of  
5 financial records that were here in court with us on Friday?

6 A Yes.

7 MS. VOGEL: Move the admission of Exhibit 903.

8 THE DEFENDANT: No objections, your Honor.

9 THE COURT: 903 is admitted.

10 (903 admitted.)

11 By Ms. Vogel:

12 Q Ms. Carnell, I am not going to go through every single line  
13 on this chart. Can you just tell us, generally, and using the  
14 chart as a guide, where did the money come from that was  
15 deposited into these accounts during this time period that you  
16 reviewed?

17 A Yes. The chart lists the source as well as the dollar amount  
18 of all of the deposits. So starting with the largest, we see  
19 Great American Escrow represented 38 percent of the funds into  
20 Ms. Ikilikyan's account. That accounted for \$1,294,953.24.

21 Moving around to the left, we have the category "Other  
22 mortgage proceeds," which was \$214,283.33. These are other  
23 proceeds from loans or home equity lines of credit taken and  
24 deposited into this account -- or one of these six accounts,  
25 however, not from Great American Escrow. The major sources were

1 two lines of credit, one taken on a property that we have not  
2 spoken of today, another, a home equity line of credit on  
3 property number five.

4 Next up we see a source of Armenuhi Harutyunyan in the amount  
5 of \$568,427. These are deposits from the accounts controlled by  
6 Ms. Harutyunyan into Ms. Ikilikyan's account. So transfers from  
7 Ms. Harutyunyan directly to Ms. Ikilikyan.

8 Q And when you say "transfers from Ms. Harutyunyan directly to  
9 Ms. Ikilikyan," are you really just talking about from an account  
10 in the name of Harutyunyan to this account in the name of  
11 Ms. Ikilikyan?

12 A That's correct. We will see a uses chart soon for  
13 Ms. Harutyunyan's bank accounts. On the uses chart we will see  
14 this number as funds coming out of the two accounts -- excuse me,  
15 three accounts, controlled by or in the name of Ms. Harutyunyan,  
16 as going out of those accounts. Here we see it represented as  
17 funds coming into Ms. Ikilikyan's accounts.

18 Q And the next category, "rental income," what does that  
19 include?

20 A That includes anything that I could determine would be rental  
21 income. That would be checks coming in that would signify rent  
22 or have a memo "rent," some sort of rent memo on the check  
23 itself. Perhaps the address on the check was one that was owned  
24 by Ms. Ikilikyan or in Ms. Ikilikyan's name, or it may have been  
25 regular deposits from the same individual for the same amount,

1 recurring deposits that I could determine to be rental income.

2 Q And as we work our way across the top, I see a category that  
3 says Reyes/Delgado. What does that mean?

4 A That is a series of either Mr. Reyes or Ms. Delgado. There  
5 is 27,000 of that that comes from Ms. Delgado. 25 of that  
6 represents proceeds of another property purchased in January of  
7 2008, where funds were distributed from that property to  
8 Mr. Marquin, and then from Mr. Marquin to Ms. Delgado, and  
9 subsequently from Ms. Delgado to one of these accounts here.

10 Q And what does U.S.M.C. payroll mean?

11 A That is U.S. Marine Corps payroll that was direct deposited  
12 into the 2135 account during this relevant time period.

13 Q What is that, about a three-and-a-half-year time period, the  
14 total U.S. Marine Corps payroll that was deposited was only  
15 slightly more than \$24,000?

16 A That's correct.

17 Q And Dove Realty commissions, what does that mean?

18 A That is commissions from Dove Realty or Dove Realty checks  
19 that were deposited into one of these accounts.

20 Q What was the total amount of Dove Realty commissions?

21 A \$29,620.28.

22 Q And then the next category is "cash in." That is pretty  
23 self-explanatory. What is cash advances?

24 A Cash advances are cash advances from credit cards, where it  
25 was either directly transferred from a credit card or a check

1 written off of a credit card, and then subsequently deposited  
2 into one of these accounts.

3 Q And the next category, "Mutual of Enumclaw Insurance." Is  
4 that payment of some sort from an insurance company?

5 A Yes. That mostly represents one large payment, which was a  
6 claim -- an insurance claim on a Ford F150 truck in 2005.

7 Q And what is the large category of items that is titled "items  
8 not provided by bank." What does that mean?

9 A That's items not provided by the bank. Even though I would  
10 repeatedly ask the banks, especially Washington Mutual, for  
11 follow up on items that they did not provide, when I requested  
12 the items, they still did not provide all the items by the time  
13 that I prepared these charts.

14 Q So you just don't know what the source of that half million  
15 plus dollars was; is that correct?

16 A That's correct. I can see the dollar amounts on the  
17 statements. So, for example, it may show up as a deposit of a  
18 thousand dollars or a check going out for a thousand dollars,  
19 however, I do not know what those funds were.

20 Q So what was the total amount of funds that was deposited into  
21 all of these combined bank accounts in the name of Alexis  
22 Ikilikyan between January 1st, 2005 and August 29th, 2008?

23 A \$3,409,320.09.

24 Q And if you would look, please, at Exhibit 904? Tell us what  
25 this chart is.

1 A This is a summary chart graphically depicting the uses of  
2 funds for those same six Ikilikyan accounts during that same time  
3 period.

4 MS. VOGEL: Move the admission of 904.

5 THE DEFENDANT: No objections, your Honor.

6 THE COURT: 904 is admitted.

7 (904 admitted.)

8 By Ms. Vogel:

9 Q Please tell us the categories of places where all this money  
10 went to.

11 A Starting with the largest category, we can see that mortgage  
12 payments made up the most -- the largest percentage of use of  
13 funds for these accounts. That amount was \$1,923,417.29.

14 Q And where did the rest of the money go?

15 A Moving up to the left, we see "miscellaneous expenses and  
16 credit card payments." Credit card payments are exactly that,  
17 payments to credit cards. Miscellaneous expenses are made up of  
18 miscellaneous expenses, which may include travel, gas purchases,  
19 restaurant purchases, such as Starbucks, any sort of  
20 miscellaneous expenses.

21 Q On the subject of travel, did you find any expenses that  
22 related to trips to Hawaii, for example.

23 A There were trips to Hawaii -- or expenses related to trips to  
24 Hawaii on a credit card. That credit card was paid using the  
25 funds from the 3135 account. So the funds to pay that credit



1 card would show up here in this expense, the credit card payment.

2 Q And where did the remainder of the funds go?

3 A Moving around to the left, we see the utilities, phone and  
4 property tax category, in the amount of \$98,615.53. Again, that  
5 was utility payments, Puget Sound Energy, Lemay Garbage, anything  
6 associated with those, as well as property taxes and phone  
7 expenses. Auto loan payments in the amount of \$49,343.23  
8 consisted of payments to Prime Source Credit Union.

9 Q Could you tell from reviewing the documents how many distinct  
10 auto loans were being paid out of this account?

11 A There were two.

12 Q Do you know what -- could you tell from the documents what  
13 vehicles those were?

14 A According to the Prime Source Credit Union documents it was  
15 for a Mercedes and a Ford F150 pickup.

16 Q And when you say "there were two," were there two auto loans  
17 being paid at the same time or were those sequential?

18 A There were two auto loans, but there was one payment made  
19 which combined the payments on those two loans.

20 Q In the same month, two auto payments being made?

21 A Yes.

22 Q We see the charitable contributions for over \$90,000. We see  
23 the transfers out to Ms. Harutyunyan and to Mr. Reyes. What  
24 about the top category that talks about these funds going to  
25 Mr. Poff or T&K Investments?

1 A That is a combined category for \$57,800. \$6,800 of that went  
2 directly to Mr. Poff's two accounts. The remaining funds went to  
3 the T&K Investments account.

4 Q And that is the Michigan account that we just saw a separate  
5 payment coming from Great American Escrow towards; is that  
6 correct?

7 A That's correct. There are two T&K Investments accounts.

8 Q Does this include the \$54,000 transfer from Great American  
9 Escrow that we just saw?

10 A No. That would be a source from Great American Escrow to the  
11 T&K Investments account. This would show up directly as a source  
12 from Ms. Ikilikyan to T&K Investments.

13 Q Moving over to the other individuals, Robert Heland slash  
14 attorney fees. Can you tell us what that is?

15 A These are payments payable to Robert Heland, who I understand  
16 is an attorney.

17 Q And in what form are these payments?

18 A These are checks written out of the 3135 account.

19 Q Is that one big payment or multiple payments?

20 A There is multiple. I believe there is six.

21 Q And then the next category over, "transfer to open," what is  
22 that?

23 A That is a transfer to open a U.S. Bank account in the amount  
24 of \$46,380, just in the name of Ms. Ikilikyan. That was opened  
25 on August 24th, 2008. So that account was not included in these

1     **six accounts.**

2     Q     And that opening was essentially five days before the  
3     relevant time period that you were examining closed; is that  
4     correct?

5     A     Yes. That was the funds we saw in property number 7A, when  
6     7038 was sold, and the monies were transferred to The  
7     Plantation, LLC. \$46,380 of those were transferred to the new  
8     U.S. Bank account.

9     Q     The next category down says "earnest money down payments."  
10    Can you explain that?

11    A     Those were payments either to Great American Escrow or other  
12    escrow title companies for earnest money or down payments on  
13    properties.

14    Q     And the next two categories, "cash," "ATM withdrawals," and  
15    "items not provided."

16    A     Correct.

17    Q     Does "items not provided" in this context mean the same as it  
18    did in the last?

19    A     It means the exact same thing, yes.

20    Q     Can you look, please, at Exhibit 905? Is this the sources  
21    chart for the combined accounts held in the name of Armenuhi  
22    Harutyunyan?

23    A     Yes, it is.

24                 MS. VOGEL: Move the admission of 905.

25                 THE DEFENDANT: No objections, your Honor.

1 THE COURT: 905 is admitted.

2 (905 admitted.)

3 By Ms. Vogel:

4 Q Can you tell us, Ms. Carnell, where the funds came from that  
5 were deposited into this account?

6 A Starting at the bottom --

7 Q I said "this account." This is really three accounts; is  
8 that correct?

9 A That's correct.

10 Q Please continue. Sorry.

11 A The Great American Escrow in the amount of 58 percent --  
12 represents 58 percent, in the amount of \$424,741.80. Those are  
13 funds that came directly from Great American Escrow to one of the  
14 three bank accounts in the name of Armenuhi Harutyunyan. Moving  
15 up to the left, we see payroll in the amount of \$75,821.02.  
16 Those were from two sources. Mostly from the Washington State  
17 treasurer, but also from a company called Volt Management.

18 Q And those represent payroll payments to Ms. Harutyunyan over  
19 a period of three and a half years; is that correct?

20 A That's correct.

21 Q And please continue with the sources of the funds.

22 A Next we see Alexis Ikilikyan accounts in the amount of  
23 \$54,918. Those are funds directly transferred from accounts in  
24 the name of Alexis Ikilikyan to these Harutyunyan accounts. We  
25 also saw that on the uses of funds for the Alexis Ikilikyan

1 chart.

2 Q So that is money moving back and forth between  
3 Ms. Ikilikyan -- the accounts in Ms. Ikilikyan's name and the  
4 accounts in her mother's name?

5 A That's correct.

6 Q And skipping over the self-explanatory "other tax return" and  
7 "items not provided," what is that final category that represents  
8 22 percent of the funds deposited?

9 A That is other mortgage proceeds in the amount of \$160,986.03.  
10 That represents mostly the funds from two lines of credit, one  
11 taken on a property located at 4014 52nd Street Northeast in  
12 Tacoma; the other located -- a home equity line of  
13 credit located -- on property number eight, 27419 8th Avenue  
14 South.

15 Q The address that you just recited in Tacoma, 4014, is that  
16 actually one of the subscriber addresses associated with several  
17 of the subject accounts that you reviewed?

18 A That is the address associated with all the Washington Mutual  
19 accounts that Ms. Ikilikyan controls.

20 Q What is the total amount of funds that were deposited into  
21 these Armenuhi Harutyunyan-named accounts during the time period  
22 that you reviewed?

23 A \$730,967.37.

24 Q Can we look, please, at Exhibit 906? Is this the uses  
25 summary for the same three accounts?

1 A Yes, it is.

2 MS. VOGEL: Move the admission of 906.

3 THE DEFENDANT: No objections, your Honor.

4 THE COURT: 906 is admitted.

5 (906 admitted.)

6 By Ms. Vogel:

7 Q Ms. Carnell, where did the vast majority of the funds  
8 deposited into the accounts in the name of Armenuhi Harutyunyan  
9 go?

10 A Seventy-eight percent of the funds went to one of the six  
11 accounts controlled by Ms. Ikilikyan. We saw this on  
12 Ms. Ikilikyan's source chart as a source from Ms. Harutyunyan.

13 Q And what's the next category up, if you go around the circle  
14 to the left?

15 A \$2,000 for child support for Mr. Poff. That consisted of  
16 four \$500 payments payable to WSSR. And on the memo line was  
17 written "William S. Poff" and his Social Security number.

18 Q I think I will skip over the remaining categories. They are  
19 relatively self-explanatory. Was the total amount of funds  
20 expended from this account essentially equal to the amount that  
21 went in?

22 A Very close, yes.

23 Q Let's move on to Exhibit 907. Can you tell us what this is?

24 A Yes. These are two charts, the source of funds into the two  
25 William Poff bank accounts for the time period January 1st, 2005

1 through August 29th, 2008, the top chart. The bottom charts  
2 follows from August 30th, 2008 to February 28th, 2009.

3 Q And what is the significance of that cut off date,  
4 August 29th, 2008?

5 A August 29th is the date of the final divorce between Mr. Poff  
6 and Ms. Ikilikyan.

7 Q So the top half of this chart looks at -- It looks like just  
8 one account; is that correct?

9 A There is only one account. The second account, National City  
10 Bank, did not open until October of 2008.

11 Q So if I understand what you just said, the top half of this  
12 chart summarizes the sources of funds into accounts held in the  
13 name of Mr. Poff during the time period of the conspiracy that he  
14 was married to Ms. Ikilikyan; and the bottom half summarizes the  
15 sources of funds into the accounts, now there is two, during that  
16 time period in his name after the divorce, up until the end of  
17 the charged conspiracy; is that correct?

18 A That's correct.

19 MS. VOGEL: Move the admission of 907.

20 THE DEFENDANT: No objections, your Honor.

21 THE COURT: 907 is admitted.

22 (907 admitted.)

23 By Ms. Vogel:

24 Q Let's focus on the top of the chart first, the time period  
25 January 1, 2005 to August 29th, 2008. What is the total amount

1 of funds deposited into this Washington Mutual account held in  
2 the name of Mr. Poff?

3 A During that time period the total amount deposited was  
4 \$10,145.

5 Q And that is over a three-and-a-half-year time period?

6 A Yes, 44 months.

7 Q And where did those funds come from?

8 A Thirty percent came from accounts controlled by Alexis  
9 Ikilikyan, in the amount of \$3,000. Moving up and around we see  
10 that \$2,836 came in in the form of V.A. compensation.

11 Q Let me ask you a question about that. Were those in the form  
12 of direct deposits or checks?

13 A Checks.

14 Q And approximately how much per check?

15 A It varied between \$548 to \$578.

16 Q And please continue with the sources of funds.

17 A \$300 in cash, and the remaining 39 percent were not provided  
18 by the bank.

19 Q And let's look now at the bottom half of Exhibit 907. This  
20 is the summary for the William Poff-named accounts during the  
21 time period after the final divorce up through February 28th,  
22 2009. How many months does this time period cover?

23 A I believe six.

24 Q And what were the total amount of funds deposited into these  
25 accounts during that six-month period?



1 A \$74,417.69.

2 Q Where did those funds come from?

3 A Looking at the bottom, the 62 percent representing the  
4 largest deposit represented the proceeds from a sale located at  
5 104 Taft Street, Battle Creek, Michigan, to Amy Nelson-Long.  
6 This was sold in August of 2008. It was a property purchased by  
7 Mr. Poff in September of 2008.

8 Q Where did the remaining funds come from?

9 A Moving up and around to the left, you see ten percent of the  
10 funds were not provided by the bank. The remaining three percent  
11 came from Alexis Ikilikyan accounts. We have one payment during  
12 this time period which represented V.A. compensation. And  
13 24 percent of the funds was cash.

14 Q And now if you could look, please, at Exhibit 908? Is this  
15 the uses chart representing the same accounts and the same time  
16 period as the sources chart we just looked at, Exhibit 907?

17 A Yes.

18 MS. VOGEL: Move the admission of Exhibit 908.

19 THE DEFENDANT: No objections, your Honor.

20 THE COURT: 908 is admitted.

21 (908 admitted.)

22 By Ms. Vogel:

23 Q Let me just clarify one of your answers a moment ago. The  
24 property in Michigan that we just saw, the proceeds that came  
25 into the Poff account --

1 THE COURT: That was remarkable, that it was sold before  
2 it was purchased.

3 MS. VOGEL: I apologize. I didn't catch it either. Can  
4 you clarify when the property was purchased and then when it was  
5 sold?

6 A It was purchased in September of 2008 and sold in October  
7 of 2008.

8 Q Now, looking at Exhibit 908. Can you tell us, focusing on  
9 the top first, the three-and-a-half-year time period, with the  
10 single Washington Mutual account, where did those funds go?

11 A Sixty-four percent went out in the form of miscellaneous  
12 expenses. Again, this is miscellaneous meals or perhaps gas  
13 expenses, restaurants, entertainment type expenses. Moving up  
14 and around to the left, 1,250 went out to child support. Again,  
15 these were checks payable to WSSR. \$181.03 represents funds  
16 going out in bank fees. Four percent were items not provided by  
17 the bank. And 16 percent were cash or ATM draws.

18 Q Among the miscellaneous expenses that you have listed there,  
19 Ms. Carnell, did you find any payments to make mortgage payments?

20 A No.

21 Q Did you find any payments that could be identifiable as  
22 payments for rents or living type expenses?

23 A Other than restaurant or entertainment, no.

24 Q I suppose I meant housing expenses.

25 A Housing, no.

1 Q How about utility payments?

2 A No.

3 Q Did you find any payments out of that account for the auto  
4 loans on the truck or the Mercedes that we discussed earlier?

5 A No. Those all came out of Ms. Ikilikyan's 3135 account.

6 Q Now, focusing in on the bottom half, the six-month time  
7 period after the divorce, the two Mr. Poff accounts, can you tell  
8 us, please, where those funds primarily went?

9 A Starting in the bottom 33 percent, again, we have  
10 miscellaneous expenses. This is the same, restaurants,  
11 entertainment type expenses. Moving up and around to the left,  
12 we have \$18,298 payable to Amy Nelson-Long. Ms. Long is the  
13 individual who purchased the property located at 104 Taft Street.  
14 It was sold in October of 2008. Three percent, or \$2,200, was  
15 one payment for child support. Two percent went out in bank  
16 fees. Nineteen percent were items not provided by the bank. And  
17 another 19 percent represented cash or ATM withdrawals.

18 Q And, finally, I want to ask you about the T&K account that we  
19 have heard about. Did you also prepare sources and uses charts  
20 for the same time period for that account?

21 A For a different time period, but, yes.

22 Q Can you explain that to us? Exhibit 909. Is this the  
23 sources chart for the T&K account?

24 A Yes, it is.

25 Q What is the time period this chart covers?

1 A This chart covers April 28th, 2008 through February 28th,  
2 2009.

3 Q And why April 28, 2008 as the start date?

4 A April 28th is the date that Mr. Poff and Ms. Ikilikyan's  
5 divorce was filed with Pierce County. It was also the  
6 approximate time period during which it appears, based on the  
7 financial records, that Mr. Poff began living out in Michigan.

8 MS. VOGEL: Move the admission of Exhibit 909.

9 THE DEFENDANT: No objections, your Honor.

10 THE COURT: 909 is admitted.

11 (909 admitted.)

12 By Ms. Vogel:

13 Q Can you tell us briefly, Ms. Carnell, where the funds came  
14 from that were deposited into this T&K account during this time  
15 period?

16 A Yes. Starting on the far left, we see \$60,995 from accounts  
17 in the name of or controlled by Alexis Ikilikyan. Moving up, we  
18 see \$12,000 from other accounts in Roger and Tamara Hall's name.  
19 Those are other accounts, not the two T&K Investments accounts we  
20 see here. "Other" includes just other items that I could not  
21 associate with any other category here. Those were mostly small,  
22 miscellaneous deposits for which I could not determine what the  
23 intended purpose was. Again, we see three percent of items not  
24 provided by the bank. Six percent of cash. And the \$54,924 from  
25 Great American Escrow, representing the sale of property number

1 seven.

2 Q And can we look at Exhibit 910? Is this the uses chart for  
3 that same account and that same time period?

4 A Yes, it is.

5 MS. VOGEL: Move the admission of 910.

6 THE DEFENDANT: No objections, your Honor.

7 THE COURT: 910 is admitted.

8 (910 admitted.)

9 By Ms. Vogel:

10 Q How is it that the funds that have been deposited into these  
11 accounts during the relevant time period were expended?

12 A Twenty-six percent went out in the form of cash. Moving up  
13 and around to the left, we see 17 percent went out to mortgage  
14 payments. Three percent went out to the other account of Roger  
15 and Tamara Hall. Two percent, or \$2,900, went out to child  
16 support. Ten percent, "other," again, miscellaneous items.  
17 Eight percent, items not provided by the bank. And \$53,253.29  
18 for property purchases. Those were three property purchases.  
19 First, June of 2006 (sic) for \$12,000, a property purchased by  
20 Mr. Poff, a property located at 119 Greenville --

21 Q You said what year? When was the property purchased?

22 A June of 2008. The second property was in September of 2008,  
23 located at 104 Taft Street. That was for \$20,000. We previously  
24 testified about that. And then we have a third property, 41  
25 Bryant Street, for approximately \$21,000. All of those three

1 properties are what makes up this property purchase amount.

2 Q So on this particular chart, where it says the time period is  
3 4/28/09 to 2/28/09 (sic); is that accurate?

4 A No. I'm sorry. That should be 4/28/08.

5 Q Can we look back at 909 and clarify that? It is correct on  
6 909 and just incorrect on 910; is that correct?

7 A That's correct.

8 Q To clarify, chart number 910 -- Exhibit 910, the relevant  
9 time period is 4/28/08 to 2/28/09; is that correct?

10 A That's correct.

11 Q Now, Ms. Carnell, after reviewing all of these accounts and  
12 looking at the relative uses and expenditures and deposits of the  
13 accounts, particularly accounts in the name of Mr. Poff, did you  
14 prepare a timeline in an attempt to visually depict how these  
15 accounts were used?

16 A I created a timeline that visually depicted the average  
17 deposits.

18 Q And can you look, please, at Exhibit 911? Is this the  
19 timeline that you prepared?

20 A Yes.

21 Q Which accounts are covered by this timeline?

22 A Only the two in the name of Mr. Poff. That includes the  
23 Washington Mutual, 7986, and National City Bank, 3440.

24 MS. VOGEL: Move Exhibit 911.

25 THE DEFENDANT: No objections, your Honor.

1 THE COURT: 911 is admitted.

2 (911 admitted.)

3 By Ms. Vogel:

4 Q Towards the right-hand side of this chart we see a big red  
5 line for the date 8/29/08. Again, is that the date that the  
6 divorce became final?

7 A That's correct.

8 Q Can you explain how this chart is laid out for us?

9 A Yes. On the left-hand side, going up, we see the total  
10 dollars. That would be the dollar amount of the total deposits.  
11 Going across the bottom in the red is the time period. This is  
12 broken down by quarter or a three-month time period during each  
13 year. The blue line represents the total deposits during each  
14 quarter of each year.

15 Q And what was the average monthly deposit for the accounts in  
16 the name of Mr. Poff for the time period prior to the divorce?

17 A The average monthly deposit was \$230.57.

18 Q What was the average monthly deposit for that time period  
19 following the divorce that is included on this chart?

20 A \$12,402.95.

21 Q Ms. Carnell, also as part of this investigation, did you  
22 retain and review employment security records that would have  
23 recorded wages paid to Mr. Poff during the time period of the  
24 charged conspiracy?

25 A Yes.

1 Q And were there any employment security wage reports for  
2 Mr. Poff during that time period?

3 A There were no wages reported for Mr. Poff.

4 Q Ms. Carnell, I want to ask you a couple of total amounts.  
5 Actually, just one total amount. We saw all of the source charts  
6 for the various bank accounts in the name of Ms. Ikilikyan, in  
7 the name of her mother, and in the name of the defendant, or T&K.  
8 Did you have an opportunity to add up the total amount of funds  
9 that were deposited from Great American Escrow into those  
10 accounts -- all of these accounts --

11 A Yes.

12 Q -- during the time period you reviewed?

13 A That's correct.

14 Q What was that total amount of money, just from Great American  
15 Escrow?

16 A \$1,774,619.04.

17 MS. VOGEL: May I have a moment, your Honor? No further  
18 questions.

19 CROSS-EXAMINATION

20 By the Defendant:

21 Q Good afternoon, ma'am.

22 A Good afternoon.

23 Q Now, ma'am, you spent a lot of time preparing a lot of  
24 different charts and graphs, and you tracked a lot of funds going  
25 from transaction to transaction. Did you prepare something that



1 showed the actual profits and not the proceeds of money that was  
2 going from transaction to transaction, from bank account to bank  
3 account?

4 A I prepared a summary chart which does show the proceeds.  
5 But, also, I believe I testified, subtracting out the monies into  
6 the profits.

7 Q Did you come up with a net profit over that timeframe that  
8 you developed these charts and graphs? Have you come up with a  
9 net profit that shows, after expenses, mortgage payments, and all  
10 that, how much was profit from all these deposits that went into  
11 the bank?

12 A I do not have a total, no.

13 Q What instructions were you given when you were told to  
14 prepare these charts and graphs and investigate the financial  
15 matters of these accounts?

16 A I'm sorry? Can you repeat that?

17 Q Yes, ma'am. I will rephrase for you. What instructions were  
18 you given to prepare for these charts and graphs?

19 A Actually, I prepared the charts and then presented them to  
20 both attorneys.

21 Q Were you given instructions as to what in particular they  
22 were looking for?

23 A An accurate representation of the financial records.

24 Q They didn't ask anything in detail or in particular of what  
25 was required for them to show or anything like that?

1 A My job is to follow the money. In this particular  
2 investigation that included following the money both into the  
3 property transactions and out of the property transactions. So  
4 into the property transactions would be the source of down  
5 payment or loans that would fund the transaction. It would also  
6 include payments made on those properties. Funds out of the  
7 property transaction would be disbursements from escrow. And  
8 that was what was depicted on the charts.

9 Q Thank you, ma'am. You have made your charts and graphs in  
10 reference to -- You had already talked about the divorce that  
11 Mr. Poff had went through. Does any of these charts and graphs  
12 take into account anything that didn't go through a bank account  
13 or escrow or anything like that?

14 A I'm not quite sure what you are asking.

15 Q I will break it down like this. Have you heard of the old  
16 term in computing, garbage in/garbage out?

17 A I have heard of that term, yes.

18 Q Does this take into account if someone was going through a  
19 battle with, say, an ex-wife with child support, and they weren't  
20 showing a lot of money going through your bank account because it  
21 was garnished, does your charts and graph show the cash  
22 transaction that particular individual made?

23 A It shows cash that would have been affected by a bank  
24 account. It does not show, for example, if you were to take \$20  
25 and go to Starbucks.

1 Q Exactly.

2 A That's correct.

3 Q The only relevance that this really has is to what money  
4 actually went into -- let's say in the case of Mr. Poff, the only  
5 money that went into and went out of, trackable by his bank  
6 accounts -- his two bank accounts that he has?

7 A I have no way to track actual cash, unless it were to go into  
8 or out of a bank account, that's correct.

9 Q In essence, your charts and graphs would be, with the  
10 information you know, possibly somewhat prejudicial to Mr. Poff  
11 if he is dealing a lot of times in cash?

12 A I don't think I would categorize them as prejudicial. I  
13 believe I would categorize them as an accurate reflection of your  
14 two bank accounts.

15 Q The bank accounts only?

16 A That's correct.

17 Q That would only tell possibly one side of the story from your  
18 standpoint?

19 A I don't know how many other sides there are. It would not  
20 depict cash transactions.

21 Q Exactly. You answered my question. Thank you, ma'am. So in  
22 regards to coming up with an actual net profit, have you come up  
23 with a percentage of the total benefit that these profits had out  
24 of the total amounts deposited? There seemed to be quite a bit  
25 of expenditures in the graphs and charts.

1 A I was unable to determine an exact amount that you directly  
2 benefited from. I can tell you that there were 1,495  
3 transactions in your two particular bank accounts. However, as  
4 far as the Ms. Ikilikyan accounts, and the Ms. Harutyunyan  
5 accounts, and the T&K Investments account, there were several  
6 expenditures out of there which I am unable to determine exactly  
7 who benefitted from those transactions. For example, a purchase  
8 at a gas station, I don't know if that filled up your truck or  
9 Ms. Ikilikyan's car. Or, for example, a restaurant purchase, I  
10 do not have firsthand knowledge of who ate that meal.

11 Q Exactly. Thank you. That is kind of what I was asking.  
12 Now, there was what appears to be incidental use or benefit to  
13 Mr. Poff from Ms. Ikilikyan's account that you had noted?

14 A That's correct.

15 Q I forget the total number it was, \$3.4 million over the  
16 timeframe that your charts and graphs cover? Is that  
17 approximately what it was, \$3.4 million?

18 A In total deposits, correct.

19 Q Did you come up with an analysis of what percentage of that  
20 Mr. Poff benefited from those accounts during that time period?

21 A No. Again, my source funds -- the categorizations were  
22 simply what they were. They were depicted as cash transactions  
23 or child support payments on behalf of yourself or miscellaneous  
24 expenditures. It did not depict if they were for Ms. Ikilikyan's  
25 benefit or your benefit.

1 Q There were some checks that you found that appeared to  
2 directly benefit Mr. Poff, though, out of all the transactions  
3 that you had analyzed, correct?

4 A Based on my analysis, there were some child support payments  
5 for your benefit, as well as to Mr. Heland for your benefit,  
6 that's correct.

7 Q And do you know approximately how much that adds up to,  
8 ma'am?

9 A I would have to look at the use chart for Ms. Ikilikyan, if  
10 we can look at that again.

11 Q Yes, ma'am.

12 A The Robert Heland attorney fees total \$11,800 out of this  
13 account -- these six accounts. And then there was \$6,800 of the  
14 two percent that is categorized William Poff, T&K Investments.  
15 So 6,800 went directly to one of your two accounts.

16 Q And do you have a total percentage of what -- out of all of  
17 this money, that would have benefited Mr. Poff, that was  
18 trackable in your analysis?

19 A Again, most of these transactions I cannot determine whether  
20 they were for Ms. Ikilikyan's benefit or for your benefit. They  
21 are simply uses of funds out of these accounts, and categorized  
22 as such.

23 Q Can I see Exhibit 907, please? Actually, let me go to 911.  
24 Ma'am, here we have a summary chart, total deposits to William  
25 Poff bank accounts by quarter. In your analysis, did you see at

1 any point where Mr. Poff's account was garnished by the State of  
2 Washington?

3 A I don't recall one, no.

4 Q It might have happened before this chart. I just wanted to  
5 know if you happened to see that. If someone was going through a  
6 child support debate with his ex-wife, and his account had been  
7 garnished, wouldn't it be prudent of that individual to keep the  
8 minimum amount of usable money in that account until he had some  
9 sort of resolution?

10 A Are you asking for my opinion?

11 Q In your financial analysis, would it be financially prudent  
12 of a person to keep the minimal amount in their bank if they  
13 thought someone was going to garnish that money?

14 A I am unsure if you are asking for my opinion or something  
15 else. I can offer my opinion on your question. However, I don't  
16 know that I can answer based on my financial analysis.

17 Q Let me back the train up just a little bit. You are a  
18 financial analysis expert, right?

19 A My title is auditor, and I conduct financial analysis, yes.

20 Q Okay. I guess I have to establish some sort of foundation  
21 before I ask these questions. Would it be a wise financial move  
22 for someone to keep a lot of money in their bank account if they  
23 thought it was going to be garnished?

24 A Again, are you asking for my opinion?

25 Q Your professional financial opinion on that. Would someone

1 keep a lot of money in their account if they had experience of a  
2 state entity garnisheeing the money?

3 A In my opinion, if a debt was owed, you would pay that money  
4 regardless if it is through a garnishment of your bank account or  
5 simply paying the money.

6 Q I am not sure I understood your answer. Are you saying there  
7 is a moral obligation to do that?

8 A I am saying you have a financial obligation to pay a debt.

9 Q Absolutely. So if that debt was in dispute, per se, over a  
10 period of time, and during that period of time that that debt was  
11 in dispute, no one is arguing it is owed, nothing like that, but  
12 if it was in dispute, and someone was going to have money  
13 garnished from their account, would they not keep money in their  
14 account -- excessive money?

15 A As I understand all the documents, you still had a financial  
16 obligation regardless of whether you disputed the debt. So in my  
17 opinion you would pay the debt if you had the obligation.

18 Q Now, someone who goes through a divorce with someone who just  
19 had three and a half million dollars go through their account  
20 over the past, what was it, three and a half years, would this  
21 amount of money being deposited in Mr. Poff's bank account be an  
22 outrageous amount?

23 THE COURT: Mr. Poff, I don't even understand that one.  
24 Why don't you try rephrasing that?

25 THE DEFENDANT: Yes, sir.

1 THE COURT: Compared to my salary, three and a half  
2 million dollars sounds pretty good. But I don't think that's  
3 what you are asking.

4 THE DEFENDANT: It's not.

5 By the Defendant:

6 Q The \$60,000 in chart number 911, that was over a two-quarter  
7 period of time, where it spiked, correct?

8 A \$60,000 was the total deposit during the quarter which  
9 consisted of three months.

10 Q During one quarter. Correction. During that one quarter,  
11 which was basically directly after Mr. Poff's divorce, would that  
12 be unreasonable for there to be a spike from a dissolution of  
13 marriage, from funds that would come from the ex-wife?

14 A Well, the majority of those funds came from proceeds from  
15 your sale of a property, \$45,898.69. That represents the  
16 majority of those \$60,000 in the three-month deposit time period.  
17 However, there is a significant increase in your deposits after  
18 the divorce.

19 Q Yes, there is, ma'am. I will move on.

20 Now, in your analysis of Mr. Poff's accounts after the  
21 divorce, how much money went out to auto loan payments subsequent  
22 to the divorce?

23 A I don't recall.

24 Q Did your charts and graphs show that, after the divorce, how  
25 the usage of money had changed?



1 A It would have. I don't recall any transactions, though.

2 THE DEFENDANT: Thank you. I will leave it at that.  
3 Thank you for your time, ma'am.

4 THE COURT: Redirect.

5 REDIRECT EXAMINATION

6 By Ms. Vogel:

7 Q Ms. Carnell, if a person was trying to avoid paying child  
8 support, is a good way to do that to put your money in an account  
9 under someone else's name?

10 A Yes.

11 MS. VOGEL: Nothing further.

12 THE COURT: Does the government have additional  
13 witnesses?

14 MS. VOGEL: May we have a moment to confer, your Honor?  
15 The United States rests, your Honor.

16 THE COURT: All right. Mr. Poff, this would be a very  
17 good time for you to talk to Mr. Ratner about what happens next.  
18 Let me give you a homework assignment. And I suspect,  
19 Mr. Ratner, you may be the best person to do this. In your  
20 proposed exhibit in regards to the handwriting expert, tab 20 is  
21 her report, there is a category of documents listed as Bill Poff  
22 questioned signatures that runs 1 through 10. And then there is  
23 an explanation of why they are of concern. Then on the third  
24 page there is a group called William Poff questioned signatures,  
25 1 through 5, and an explanation of why there is a concern. And

1 then on the fourth page there is a William S. Poff questioned  
2 signatures, 1 through 6. It would be helpful to the court if we  
3 could relate those back to the exhibits that have been admitted.  
4 As it is right now, I think I can follow them, but it is going to  
5 be a lot of work.

6 MR. RATNER: Your Honor, they will be related through  
7 the exhibits and testimony. If you want, we can cross-reference  
8 this.

9 THE COURT: That would be helpful. That will speed up  
10 me finding them as we go along.

11 Mr. Poff, who are you calling for witnesses tomorrow?

12 THE DEFENDANT: It will be Ms. McFarland, your Honor,  
13 the handwriting expert.

14 THE COURT: It is customary for me to ask you the  
15 following question: If you don't want to answer it until later,  
16 you can answer it tomorrow morning. Do you understand as a  
17 criminal defendant in this matter you have a right to testify or  
18 not testify? No one can compel you to testify, and I will draw  
19 no adverse implication from you not testifying. There are at  
20 least three double negatives in that. It basically says you can  
21 or you can't, and nothing bad happens to you if you don't. If  
22 you are prepared to do either today or tomorrow, I would like to  
23 know if you intend to testify, and if you understand your right  
24 to testify, and your right not to testify.

25 THE DEFENDANT: Yes, sir, I understand.

1 THE COURT: Do you want to think about that one or do  
2 you know already? You are welcome to think about it.

3 THE DEFENDANT: I have mostly made up my mind. I would  
4 like to confer about it.

5 I would like to bring a motion under Rule 29, your Honor,  
6 since the plaintiffs have rested, a motion for acquittal for  
7 insufficient evidence to sustain a conviction in light of the  
8 recent motions that I have submitted to the court.

9 THE COURT: That one I will take under advisement. Now,  
10 you won't talk to Mr. Ratner, because you just did what I was  
11 hoping you were going to do.

12 MR. RATNER: Occasionally we can anticipate the court.

13 THE COURT: I am happy to see you using your little red  
14 book. Anything from the government at this time?

15 MS. VOGEL: No, your Honor.

16 THE COURT: All right. Anything further from Mr. Poff?

17 THE DEFENDANT: Nothing, sir.

18 THE COURT: If you call the handwriting expert tomorrow,  
19 any guess how long -- I stress guess, I will not hold you to it,  
20 how long that testimony will take?

21 THE DEFENDANT: From reviewing the questions today, it  
22 looks like it will probably take me an hour, hour-and-a-half to  
23 qualify and lay the foundation for her testimony that I will be  
24 asking her.

25 THE COURT: And the government anticipates what in terms

1 of cross-examination?

2 MR. SCOVILLE: Probably no more than a half hour.

3 THE COURT: Counsel, let me ask your guidance then on  
4 what you would like to do. I would be inclined to allow you to  
5 finish the testimony tomorrow, I don't know if the government  
6 will plan any rebuttal case or not, and then hold a short hearing  
7 so that we have clearly on the record the basis for Mr. Poff's  
8 various motions, and then have you do closing arguments on  
9 Wednesday when you have had the chance to spend some time and  
10 sharpen those up.

11 Mr. Poff, I will start with you, any observations on how you  
12 would like to proceed?

13 THE DEFENDANT: I think the recommendation you just made  
14 would be quite favorable, yes, sir.

15 THE COURT: Okay. Ms. Vogel.

16 MS. VOGEL: That sounds like a fine plan, your Honor. I  
17 did want to represent that we are preparing, as we can, a  
18 response to the mistrial motion filed last week. We hope to get  
19 that filed tonight or first thing tomorrow morning.

20 THE COURT: As long as you get it done before noon  
21 tomorrow. I will be happy to read it over my lunch hour. That  
22 seems like the most efficient use of your time, as opposed to  
23 trying to shoehorn everything in tomorrow. We will proceed with  
24 that as our tentative plan of action.

25 Counsel, anything further at this point in time?

1 MS. VOGEL: Will we be beginning at 9:00 tomorrow?

2 THE COURT: We will begin at 9:00.

3 MS. VOGEL: Thank you.

4 THE DEFENDANT: Nothing, your Honor. Thank you.

5 THE COURT: All right. We will see you all at 9:00  
6 tomorrow.

7 (Adjourned for the day)

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**CERTIFICATE**

I, Barry L. Fanning, Official Court Reporter, do hereby  
certify that the foregoing transcript is true and correct.

S/Barry L. Fanning

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Barry L. Fanning